

CHANGE MANAGEMENT IN THE INFORMATION AGE: A CASE STUDY OF A NICHE PUBLICATION

BY
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ABSTRACT


This is a study of media management in the publication industry under conditions of rapid environmental change. The study focuses on a particular case, *The Mannequin*, a niche publication serving many purposes. The study finds that environmental change creates major challenges for commercial survival. Explicit change management procedures are required. The study recommends a set of change management procedures suitable for small, niche market publications. It then recommends avenues for further research.

ABSTRAK

Hierdie is 'n studie van mediabestuur in die publikasie-industrie onder vinnig-veranderende omstandighede. Die studie fokus op 'n spesifieke geval, *The Mannequin*, 'n nismarkpublikasie wat verskeie doelstellings vervul. Die studie bevind dat omstandighedsveranderinge groot uitdagings skep vir kommersiële oorlewing. Eksplisiete veranderingsbestuurprosedures is nodig. Die studie beveel 'n stel veranderingsbestuurprosedures vir klein, nismark publikasies aan. Dit beveel ook verdere opsies vir navorsing aan.

DECLARATION

I, the undersigned, hereby declare that the work contained in this assignment is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

Signed:  _____

Date: March 2008

DEDICATION

This dissertation is dedicated to my husband, Gustav, for his support and inspiration during the course of this project.

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CHAPTER 1: INTRODUCTION

1.1. Environmental Change, the Publications Industry and the Need for Change Management

Media has become a catalyst of society. This is a statement supported by Croteau and Hoynes (2006: 2) who point out that new technologies helped transform the media industry of today into something quite different from its predecessors, where media does not merely report on society as it used to, but actually determines the change. They propose that new technologies now influence change on nearly all of life's stages, including media publishing, as the technological determinism theory of media states. Furthermore, Williams (2003: 227) defines the technological determinism theory of media this way:

“Today we are witnessing the convergence of telecommunications, computing technologies and media. They are being brought together by digital technology, which enables an unlimited amount of information to be stored, transmitted, gathered and utilised in new ways and makes feasible the linking together of homes, workplaces and businesses in one global information network.”

In this research it is accepted that this global information network in people's homes, offices and companies is what characterises the Information Society of the early 21st century. Many aspects of people's lives are connected to each other and, at the same time, networked with other broader information matrixes. Today more and more businesses are taking note of the nature and effects of this interconnectedness.

The occurrence of interconnectedness can be understood along three dimensions, as defined by Schement and Curtis (1997: 47), each proving to be part of the same process underway. These three dimensions include by order of relevance to this study, firstly, a macro level of interconnectedness. The macro level of interconnectedness became a phenomenon when new institutions and supportive technologies were created in order to assist with the demand for worldwide interconnectedness. This occurred in reaction to economic and environmental realities imposed upon the world's citizens. Secondly, the meso level reflects businesses and other establishments' coping with ambiguity and change in their environment, by developing new information structures and channels of communication. Thirdly, Schement and Curtis (1997: 47) identified a micro level, where

individuals experience interconnectedness as a change in the make-up of their social relationships.

Initially, the growth of interconnectedness at the abovementioned three levels appear to be entirely unrelated, but below the surface the three occurrences are interrelated. It is therefore safe to say that the advance of social and material technologies – which includes the assembly and processing of information, and applying such information towards decision-making – creates interconnectedness. According to Schement and Curtis (1997: 47), this interconnectedness now dominates the agenda of the business world. Interconnectedness could thus determine the direction in which a business or media publication will grow.

Today interconnectedness has been a cause of change on many levels, because if one aspect of a network changes, it has an influence on other sub-parts thereof. Change management has become increasingly complicated and important, also in terms of the management of media today. In fact, Albarran, Chan-Olmstead and Wirth (2006: 58) state that among the critical research questions about early 21st century media leadership that need answering are, establishing the relationship between leadership [or management] and the ability of media companies to thrive in rapidly changing market environments. Other important media matters to explore, as identified by Albarran et al. (2006: 58), include the efficient administration of change, creativeness, innovation and professional cultures, as well as how media executives' personal values influence content output at their respective companies. Managing change in media companies has therefore become important on administrative, creative, personal, and especially on strategic business levels.

According to Paul (2006), marketing analysts and top business administrators of big publishing houses are normally at the head of designing marketing and development plans. Such development devices may include some of the important current media matters pointed out by Albarran et al. (2006: 58), like management of change, for such media companies. However, Andor (2007a) notes that in the case of smaller and/or independent publishing houses in South Africa, the many dimensions within the management of media output often have to be administered by only a few staff members. Such independent publishers could also be the owners, as well as gatekeepers of knowledge purveyed through their publications, plus financial managers of their

companies. Altbach (1987: 13) summarised the role of the publisher as that of an entrepreneur, a scholar, a publicity representative, a grammarian and an educator. In other words, the publisher is a navigator who has significant control over the kinds of knowledge that are made available in a society.

Since the cyberspace (or satellite connection of communications) environment has become part of our daily realities and has been fluctuating since the boom of the World Wide Web into the world of business and media, business owners are now forced to learn how to make use of the opportunities spawning off all this conversion. Sawhney and Parikh (2001: 178) emphasise the understanding of patterns underlying changes and how one can gain valuable insight into the way economic value is shifting across industries and among companies. The key concept is that knowledge can help you act while others merely react. Marketing strategy is considered an informed way of acting upon changes in business in this study, and is furthermore necessary in this research because, as Bowers (1995: 1) indicates, many publishers don't get to the topic of marketing until they already have the product in their hands.

"At that point, they call a trade association, a magazine or a consultant and ask, "How can I market this product for no cost, because I've spent all my money on production?" Marketing activities should begin the moment the glint of an idea appears (Bowers: 1995: 1).

Such marketing activities in publishing may include, establishing who might buy an idea if it were published, how much they would be likely to pay for it, and where they would be able to acquire it.

Marketing strategists' and business analysts' disciplines are highly esteemed fields because of their ability to analyse current scenarios and to make constructive predictions in business and marketing. Current media publishing companies are using such scrutiny and forecasts to manage change. Croteau and Hoynes (2006: 1) support this notion and note that media companies also have to depend on such strategists and analysts. Such professionals are relied upon because the business of media is like all other businesses. They also highlight how the primary function of really every major media house is to operate as commercial corporations that create profits for owners and stockholders. Since publishing companies, the navigators and purveyors of knowledge, function as

businesses, marketing and business strategies are relevant in this media management research study.

It is noted above that the nature of the media business and, consequently, the role of the publisher, have changed significantly since Altbach's description of a publisher in 1987. Today change and interconnectedness are central factors in media business and have an influence on each other in the field of media management. It is noted that a momentum in both directions exists between these aspects, where interconnectedness can create change, and in this context change can again spawn interconnectedness on new levels.

An example of such new level interconnectedness is a fresh "network approach" toward niche publication audiences. Buckland (2007: 46) notes how, traditionally, publishers could really only shape the connection between themselves and the reader. However, by creating extensions of their publishing brands, like an online business or social networks, publishers can also influence relationships between their readers. This way, online publishing is not only about the publisher connecting to its reader, but also about the publisher connecting its readers to each other. In other words, the lever for change in this example, online publishing, can create not only a link between the publisher and its audience, but an exchange matrix between the publisher, his audience as a whole and between respective readers.

It is deducted from the above example that a symbiosis between interconnectedness and change can exist in media management where interconnectedness creating change and vice versa can hold various benefits for the publisher. According to the example of Buckland (2007: 46) above, publishers can today be in a position to use their ordinary websites as powerful social networking mechanisms. Therefore careful management of the relationship between interconnectedness and change aspects are necessary in today's media management as it could hold various benefits, such as a more direct interaction between publisher and audience, for the publisher that has to manage rapid external change.

As per the abovementioned complex relationship between interconnectedness and change, it is necessary to define change management in this study. Kulakowski and Chronister (as cited in Albarran et al., 2006: 87) define change management as:

“How to first create a process that considers and accommodates the needs of those directly affected by a changed work environment... In approaching change issues, effective managers will choose to engage early, adapt their approaches to respond to evolving work and research circumstances, and help faculty and staff, sustain morale and focus during periods of uncertainty and transition... Change is defined as a movement from a current state to a new and different state.”

It was already mentioned in this study that the management of change, amongst other factors, is a key factor for new research in media management [by referring to Albarran et al. (2006: 58)]. According to Brill and Worth (1997: xii) who identify trends in media today, media managers should continuously identify which hallmarks of change in their organisations are most important, how to work on them simultaneously, which levers to use to introduce change, plus how to keep the process going. In the management of media and for the purposes of this study, *circulation* is identified as an important hallmark of change as well as one of the core internal factors most sensitive to changes. Therefore, in this study, circulation management is tested from different perspectives in order to reflect variations in a niche publication's change management scheme.

Circulation in media is defined by Lubinga (2001: 88) as

“... the extent to which publications are distributed among readers, the average number of copies sold in a specific period”.

Another definition shows that circulation is a core indicator in media industries. Franklin, Hamer, Hanna, Kinsey and Richardson (2005: 36) state that circulation is:

“The number of copies of an edition in a particular print medium (e.g. a newspaper, a magazine, a book, etc.) sold or otherwise distributed... Various organisations count and assess national circulations, primarily ‘to provide useful and timely information about the circulation of printed media for advertisers, advertising agencies, publishers and general use’...”

Circulation is reactive to changes as it depends on a number of sub-systems and parts in order to show growth. Such aspects include sound financial management, efficient

distribution systems and productive advertising sales staff. An increase in circulation could thus be a good indicator of healthy change management in media companies. In this study, this phenomenon is evaluated in the context of a specific niche market publication.

1.2. The Case – *The Mannequin*

The circulation analysed here is that of a diary/guide called: *The Mannequin*TM Model & Film Diary (*TM*). It is a niche market publication of which six editions were published so far (on an annual basis) and for which advertising space is sold (Andor, 2006a). It is simultaneously a diary, directory, contains an events calendar and guide, and is published in South Africa once a year only. Table 1 shows an outline of the publication as supplied by the publisher (Andor, 2006b).

(Table 1 follows on the next page).

Table 1: *TM* Information for the year 2006 (Andor, 2006b).

Publisher	Mr. G. Andor
Company Name	StageMediaGroup™ Publishing
Print Run	10 000 copies
Circulation	10 000 copies
Distribution (Countrywide)	8 500 copies
Promotional Copies	1 500 copies
Number of Pages	320
Number of Advertising Pages	77
Number of Free Pages Allocated by the Publisher to Charity Organisations	10
Number of Guide Pages	15
Number of Directory Pages	18
Number of Diary Pages (Incl. Events)	200
Number of Staff Members in Company	5
Number of Distribution Companies Used	2

TM's publisher operates as a small business enterprise, with a handful of staff members employed in 2006. Each member of staff has more than one role to fulfil in the company, even though their titles may not imply that. For instance, the publisher is also the marketing executive, accounts manager, business strategist and managing director of the company as a whole, while the editor is also assistant to the publisher plus supervisor for other staff members (see Figure 1).

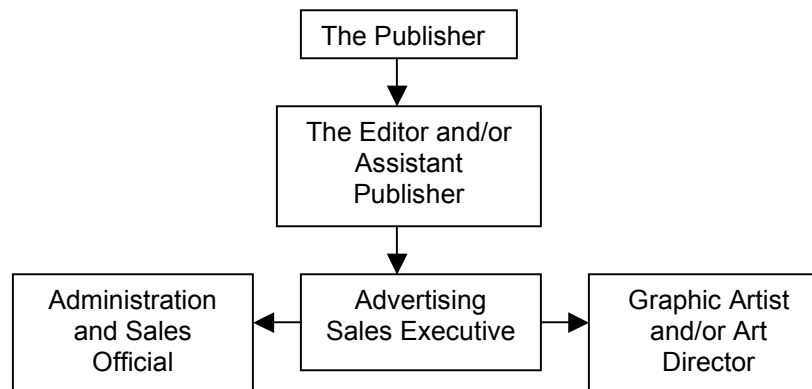


Figure 1. StageMediaGroup™ Publishing Company Structure Organogram (Andor, 2006a).

According to the publisher, (Andor, 2006a) *TM*'s main competitors are publications with the same target market, which is the broader model and film industry of South Africa, but also international film and model companies. The main competitors are not diaries, as *TM* is the only industry diary available specifically for the model and film industry of South Africa. However, according to the publisher of *TM*, the competitors have the following in common with *TM*:

- target markets are LSM 8-10,
- contain guiding information and directory listings for the target industry, and
- are published annually with local and international clients.

TM differs from its competitors on two points:

- *TM* does not have international distribution, and
- *TM* is a guide, directory and a diary with events calendar all in one.

According to Andor (2006), while *TM*'s circulation saw a great initial increase of 30% between 2001 and 2002, in 2003 it showed only a 10% increase, while it stayed the same between 2004 and 2006 after having jumped another 10% higher in 2004. These statistics are presented graphically in Figure 2.

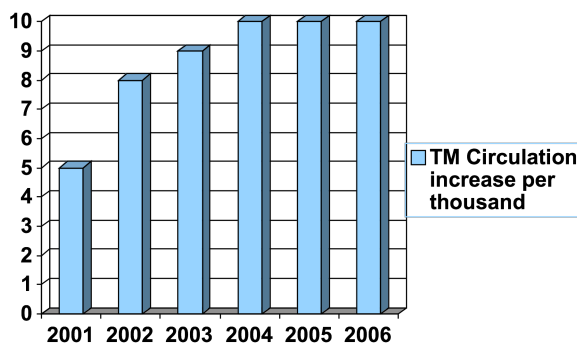


Figure 2. *TM* circulation increase per thousand, from year 2001 – 2006 (Andor, 2006b).

After six years of *TM*'s existence, it is argued in this research that the slow management of change is reflected in the circulation plateau reached in 2004. The unique nature of

TM's circulation and distribution is addressed later on in this study, but it is noted at this stage that growth in circulation has not shown any change for three years.

This study investigates, through action research, why *TM*'s circulation has reached a plateau, and ultimately makes recommendations on how to create further growth.

1.3. Hypothesis and Methodology

In this study it is hypothesised that reactive change management models in media management could help increase the functionality of a niche market publication. Methods that underpin internal and external systems to optimise the publication's functionality are developed, as opposed to pre-Information Society management models.

Firstly, the study looks at how to implement a better performance of the publication measured by circulation growth, in order to establish which aspects of interconnectedness, inherent to today's niche media management systems, can influence the change management of the publication. The status and effect of external and internal influences on *TM*'s circulation are considered.

External and internal matters that shaped book and magazine publishing in the past are also investigated. Magazine and book publishing aspects combined are noted, since *TM* is a directory, diary and a book, but also depends on advertising space sold for its funding, which is more characteristic of magazines. Past and present strategies are compared in order to show how change management has become more and more important over time and since the Internet, as well as to see which new trends in management emerge from the study.

The main goal to be accomplished in the research, with *TM* as a real product in a real world, is for *TM* to show steady growth in circulation. It being internationally circulated is also initially investigated. Scenario planning and the Biomatrix theory are proposed methods of coming to conclusions and making informed predictions towards increased circulation and international distribution of *TM*. The point of reference is within the Information Society's media management environment, specifically since the invention of the Internet.

Secondly, the case study is conducted in order to identify:

- external and internal factors to look out for as harbingers of change in future media management of a niche market publication, and
- new methods of managing rapid change faster in this context.

To achieve this, an analysis of the change management strategies of the specific publication was required. During the early phases of the study, particular reference is made to predictive business strategies for media management in the Information Age. However, as the research progresses over time and more information becomes available, emphasis is placed on managing systems and processes rather than relying on predictions to manage future change. It is outlined in later chapters how the shifting of focus becomes necessary as the study progressed.

The methodology approach is based in grounded theory of Goulding (2002: 68) because the nature of grounded theory is a process itself. It is about looking for emerging patterns, themes and making use of comparisons constantly. In short, grounded theory is

“about the simultaneous collection and analysis of data” (Goulding, 2002: 68).

Grounded theory therefore lends itself to researching process management well because of its abovementioned characteristics. Experiential incidents, social processes and constant comparison are the ongoing features of research based in grounded theory. According to Baszanger, 1998: 354 (as cited in Goulding, 2002: 42)

“[Grounded theory]... methodology is most commonly used to generate theory where little is already known, or to provide a fresh slant on existing knowledge.

Grounded theory was chosen as the theory of reference in this research study because grounded theory and the nature of case studies both have this abovementioned statement by Baszanger in common - that both are in most cases used to generate theory where little is already known. With grounded theory the researcher must work in the actual environments in which the actions take place, in the natural situation, in order to analytically relate informants' perspectives to the environments through which they emerge. Many of the mentioned requirements for the researcher using grounded theory are relevant here – the researcher presenting this paper does work in the actual

environments where actions take place, plus there are few research papers available on the research topic.

Action research was also applied, grounded in facilitating a more thorough and multifaceted analysis of a particular process or a series of events. This method was chosen since new discoveries were made while this research was applied to the publication in question. Hollifield and Coffey (as cited in Albarran et al., 2006: 585) note that action research is

“... a long-established tradition in organisational studies, where it is known as ‘management consulting.’ In action research, the researcher not only participates but acts as a change agent in the process being observed”.

As outlined in the above definition, action research is a specific form of participant observation research, and was found to be an appropriate mode of observation for this case study. Although action research is a fairly new approach to academic research, Hollifield and Coffey (as cited in Albarran et al. 2006: 585) point out that in action research, making suggestions for changes that may improve outcomes are central to the method. It was therefore significant during the research of *TM* that action research would impact upon the change management methods employed by the publisher.

Also, as this is a case study of a niche market publication, special reference was made to the methodology of other case studies conducted in the field of media management during research. Doyle and Frith (as cited in Albarran et al., 2006: 564) state that case studies have mostly been used in media research to highlight theoretically significant configurations and links versus inferring finds from samples to a population. Elsewhere, as also observed by Hollifield and Coffey (as cited in Albarran et al., 2006: 581), case studies in the media management context have been used to show how organisational processes changed over time. However, it is the points by Doyle and Frith (as cited in Albarran et al., 2006: 565) that were most relevant to this case study. They found that case studies can aid in a more systematic and versatile breakdown of a particular process or a series of events than would be possible through any other research method. Case studies connect well with action research in that both recognise the nature and particulars of processes, which suited the course of this research as it was conducted over a period of two years.

The case study methodology in this research will follow the recommendation of Yin (as cited in Tellis, 1997: 1), which has four stages:

1. Design the case study
2. Conduct the case study
3. Analyse the case study evidence, and
4. Develop the conclusions, recommendations and implications.

Following the abovementioned recommendation for a case study methodology, started with designing the case study around the scenario building method of Schwartz (2004: 242). But as the study was conducted, other methods (Biomatrix theory by Dostal, 2004: 21 and the process management model of Hayes (2002: 54)) were also incorporated in the methodology. Three theories in total are compared in relation to circulation, and its sub-aspects like distribution, of the publication in question. In other words, triangulation was utilised. Constant comparison between the three theories is employed in this study, also making use of structured (questionnaire in Appendix B) but mostly unstructured interviews with the publisher of *TM* and marketing and management consultants Strauss and Paul.

The actual research in this study starts with following a "recipe" of scenario building designed by Schwartz (2004: 242). Many marketers have used scenario building in business in order to safeguard their futures, but most don't take into consideration the existence of ever-changing interrelated forces that are the components in society. A common mistake, as pointed out by Schwartz (1998: xiv), is that people should make strategic decisions that will be sound for all plausible future scenarios. No matter what future scenario takes place, one is much more likely to be ready for it – and influential in it – if scenarios have been thought through carefully.

As we are dealing with changing interrelated forces in media management of the Information Age, the scenario building (2004: 242) and Biomatrix models (Dostal, 2004: 21), are combined in this study, since both were designed to address change management. This combination of models is used in order to explore how circulation should be managed for a niche market publication. The research starts by establishing the focal issue and then identifying key forces in the micro environment - or as called

elsewhere in this assignment, internal factors. From this factors emerge that indicate no increase in circulation, and matters that precipitate no international distribution.

The next phase identified the driving forces in the macro environment, or external factors, and which aspects in this environment influence the phenomena of no increase in circulation and no international distribution. From here selecting scenario logics starts, fleshing out scenarios and their implications, opportunities, threats, competitors, customers and service providers.

The selection of leading indicators and signposts of change as well as potential signposts and possible indicators are identified and examined. Other indicators of change like competitors, events, the increase of international feature films in South Africa and investors' watch are also touched on in this study.

During the application of Schwartz's theory (2004: 242) other models are also combined, like the Biomatrix theory (Dostal, 2004: 21), in order to compare methods as well as help solve the circulation inertia. Scenario building is particularly crucial because of the changing, active and reactive nature of societal forces within the Information Age, which the Biomatrix worldview underlines (Dostal, 2004: 21). This research proposes that publishers need prediction models, because publications should be created with pre-designed marketing strategies in order to be ready for any unexpected changes in their media management systems continuum. This could include a danger of mere conjecture when using predictive models, a limitation that should be noted when applying the above theories.

It is important to note that *TM* is a unique publication in that no comparative literature and research on similar publications and their media management is known to exist. The approach, namely the combination of the two theories mentioned above, applied to media management of a niche market publication within changing environments, is also unique.

1.4. Summary

This chapter starts with a description of the context in which the research is done and the background of the research subject – based in media theory of the Information Age, then

moves to the research problem, significance of the study and why predictive strategies are necessary. Concepts focal to the study are also further described. Marketing and business methods, identified as the scenario building and Biomatrix theories in this case, are necessary to research change in media management. It is pointed out that smaller publishing houses are more prominent in the Information Age and publishers have more compact roles than before the advent of the World Wide Web. More information is also provided about the niche market publication being studied, its target market, competition and its Information Age and mass media context.

The hypothesis and research problem of the research project is outlined in this chapter, with the circulation management of *TM* described as a vehicle reflecting change. Circulation in media is defined in this chapter and the changing mass media scale is explained as the point of reference. The significance of prediction models and their relevance to this study are formulated.

CHAPTER 2: CASE DETERMINENTS

2.1. South African Context (Historical Setting)

Herber (2006: 55) points at a new phenomenon in South Africa: more and more media businesses are producing niche publications, especially custom magazines. He notes that there seems to be a war out there as to who can bring a new publication to the market the quickest, while Novick (2006: 36) reported in the same magazine that custom magazines experienced a 7.3 percent increase in circulation. That is according to the ABC figures released for the period January to March of 2006. Consumer magazines grew by 5.75 percent during the same period. Furthermore, Novick (2006: 36) explains that the increase in circulation of custom magazines shows that there has been a general burst of niche, as opposed to consumer, publications on the market. Paul (2006) seconds this and adds that such South African niche publications are generally produced both by independent, smaller publishers and media conglomerates.

Paul (2006) also added that smaller publishing companies generally require more compact management tools than media conglomerates, while they also have to stay in tune with the constantly changing mass media of the Information Age. What also distinguishes niche publications today is that they are produced exclusively for a certain market, such as a niche within a niche. For instance, the publication that is specifically referred to in this report targets the model and film industry of South Africa, which also lies within broader advertising, media and even entertainment industries.

Herber (2006: 55) believes this new niche market trend in South African print media emerged because: “things happen faster than before, and are changing exponentially”. Where four or five titles would have covered a market sector adequately a few years ago, now anything between six and ten are scheduled. Andor (2006) underscores this by noting that between 2003 and 2005, he assisted in publishing and marketing four out of eight newly launched niche market titles for an independent publishing house in Johannesburg.

To explain why there are more and more niche publications seeing the light in South Africa, Herber (2006: 55) states that this constant, exponential change in media has proven to have positive implications for independent publishers. Some publishers have

capitalised on this ongoing development, as closer scheduling and market scope mean less wastage while more competition brings with it a wide array of other promotional, editorial and educational prospects. This explains why many new niche market publications are seeing the light in South Africa.

Another outcome initiated by this new publishers' fashion to downsize target markets is that niche publications have an added benefit of measurability. For example, Buckland (2006: 51) proposes that since more specific markets are targeted through niche publications, publishers today give advertisers more control over their campaigns: Niche publications can make publishers more answerable to advertisers. Being more accountable to clients could mean more support from clients for publishers, resulting in more and more niche publications appearing around the country.

From the above it is evident that niche publications have the added benefit of measurability. In this fast-changing Information Era, measurability is important for media managers as it can serve as an indicator of what target markets and clients expect from and respond to regarding media products. Circulation can serve as an important measuring tool in the media management system of a publication as it depends on other sub-parts in order to reflect an increase. In other words, it is dependent on a synergy between different parts. Circulation is also seen in this research paper as an internal factor in today's media management context.

2.2. Performance and Status Quo

Circulation has already been established in this study as an indicator of the performance of a publication. Evident from Figure 3, p. 16, is that *TM's* circulation has shown no increase or decrease for three years.

As stated before, circulation in media is complex, although it simply represents the number of copies of a publication sold or distributed (not the print-run or print-order). In this chapter we look in more detail at the reason for combining the scenario building and Biomatrix models and their relevance to the case study. The very nature of successful circulation management is treated as dependant on the interaction and interrelatedness of many variables.

2.3. Circulation as Indicator of Change

According to Moses (2002: 24) circulation increase can be an important tool in helping build a publication's credibility in the eyes of advertisers and target audiences, even though circulation growth can be inconsistent with profit growth. Publishers are therefore committed to circulation increases in order to keep advertisers happy with them being featured in a publication. If a publication that sells advertising space loses market share, advertisers will also be affected, as there is a decrease in the chances of their advertising reaching the intended market.

Moses also notes (2002: 24) that circulation losses are more cause for concern, as losses in circulation have refocused publications on growing their numbers. It is then very important to focus on the growth and health of a publication, which includes relationships with advertisers. Long term growth and health of a publication can sell advertising space, and depends on advertisers increasing spending and not decreasing spending. Dickey of Knight Ridder Publishers states in the article referred to by Moses (2002: 24) that circulation growth determine Knight Ridder executives' bonuses. There is therefore a general consensus that circulation growth generally indicates a publication's successful performance in its target market.

According to the publisher of *TM*, there is a more direct correlation between circulation increases and profits made for niche publishers as opposed to big publishers like Knight Ridder. That is, as *TM*'s publisher is also the business owner and not just one of many publishers at a big publishing company. He can directly benefit from financial profits that may result from circulation increases. It can therefore be deducted that it may even be more crucial to see an increase of circulation at a niche market publishing business as company profits are more directly affected by circulation increases or decreases than at big publishing houses. It is accepted in this study that circulation increases or losses are central to niche market publishing.

Circulation is thus a complex concept in media, because it depends on other processes and finance to enable a publisher to, first, reach the point of production, and then to distribute a certain number of printed copies. Therefore, circulation management (as the management of the end-product) is very important, as it can make all the difference to a publishing company financially.

2.4. Distribution of *TM*

Distribution is currently countrywide, but has not been for the first three of the six editions. For the first three years, *TM*'s distribution was limited to the Western Cape. *TM* is also currently for sale at bookstores like Wordsworth. Retail sales have been limited to a certain number of the diary's print order, mainly because the bulk of *TM* is distributed to all its advertisers.

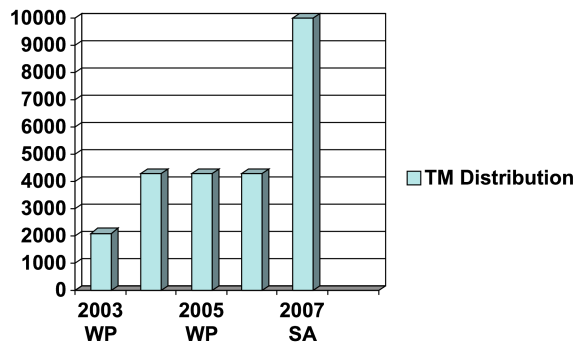


Figure 3. The regional and national distribution figures of *TM* (Andor, 2007c).

Distribution is traditionally a good way to measure how many people receive the publication, while in the case of *TM* advertisers get the amount of copies to the value of the advertisements placed. I.e. since the diary sells for R150, a full-page advert of R15 000 gets a client 100 copies (Andor, 2006a). In terms of cost per thousand, this means more advertisers are willing to advertise because they are getting a good deal paying only R1 500 per thousand copies after spending R15 000. This is another reason why advertisers benefit financially when the circulation of the publication is higher – they not only save money in terms of cost per thousand but with higher circulation figures advertisers simply are ensured their adverts are reaching more people.

Market reach is hence guaranteed through this method of distribution as the target market, the film industry, is directly targeted. For example: According to Andor (2006a) a full page advertiser gets the amount of diaries to the value of the advert placed, and can give the diaries to clients or staff. The diaries can also be sold for the advertiser's own profit. Andor (2006a) said that the advertiser is therefore given the opportunity to target his intended market, by using the diary as a tool: Not only can the advertiser promote his own company in the diary, but he can also utilise the diary as a gift. The diary is also

useful for longer than a year, as it contains a guide to the model and film industry, as well as events, category- and alphabetical listings of industry businesses and a guide to operating and working in the industry.

But there are limits to this method of distribution, as existing diary holders then tend to expect to get the diary for free in the future, from the same source, or “someone” in the industry. As a consequence, the incentive to buy the diary at a bookstore or from the publisher is reduced. This inhibits target market measurement from distribution.

Another pitfall in this abovementioned distribution arrangement is that only the percentage of the industry that deems it fundamental to advertise in this diary, plus the copies that are distributed to potential advertisers, are measurable as the target audience. It is only known how many companies will get the diary, not to whom the companies will distribute their dairies themselves. Therefore, a better model to establish usage and distribution could be explored, designed and implemented.

In order to fine-tune the relationship between usage and distribution, it is noted that distribution is one of the four main aspects of marketing, the other three being product, price and place (Strauss, 2006). It is however not the intention of this research to design a marketing plan *per se*, although some aspects of marketing emerge, as proper distribution cannot be done without a marketing plan.

From within the distribution-marketing scope and to place this research in context, matters relevant to the improvement of the symbiotic relationship between usage and distribution of this publication are key. These factors to be discussed are public relations, added value and international distribution.

2.5. Public Relations

Currently, *TM*'s publisher handles all matters related to Public Relations (PR). In order to increase the demand for the diary, Strauss (2006) suggests utilising external PR professionals. Effective PR would result in increased usage of a publication. This in turn would increase demand, leading to the required increased distribution. This is one of the

main goals of this research – to research and test business tools that could aid in increasing circulation (and distribution as a sub-part of circulation).

Grady (1996: 20) emphasises that relationships with companies within the target market could easily be established and strengthened over time through a PR company. Strauss advises (2006) that increasing awareness and usage of niche publications increase demand for the product. In order to increase the usage of this publication, the target market needs to be aware of the benefits it will hold to be in the publication as advertisers. That is, as a good PR company manages the “public image” of an organisation through media relations, organising, writing, production, speaking and often training. It also involves building public profiles of the management of an organisation.

Another marketing logic relevant here is that people buy brands and not products (Grady, 1996: 20). PR campaigns should establish *TM* as a brand. According to this logic, it would improve *TM*'s marketing, and in turn, its usage. Another aspect that may better *TM*'s marketing, is balancing the public interest theory with the market theory in *TM*'s media management system, which may augment the value of the publication's brand. The market theory of Croteau and Hoynes (2006: 39) explains how, from a business point of view, media companies have to make a profit to finance itself and cover running costs. On the other hand, the public sphere model emphasises how the interests of citizens have to be taken into consideration before publishing any knowledge.

Table 2, on the next page, illustrates the difference between the market and public sphere models of media (simplified from Croteau and Hoynes', 2006: 39).

Table 2. Summary of Market and Public Sphere Models (Croteau & Hoynes, 2006: 39).

	Market Model	Public Sphere Model
How are media conceptualised?	Private companies selling products	Public resources serving the public
How are audiences addressed?	As consumers	As citizens
What is in the public interest?	Whatever is popular	Diverse, substantive, and innovative content, even if not always popular
How is success measured?	Profits	Serving the public interest

It is clearly in the interest of a media company to produce a publication that purveys responsible content, and can make profits in a balanced manner as it adds value to the brand. This certainly is a challenge, as making profits in a media business is often in conflict with non-popular content, as in educational publications or newspaper editorials.

2.6. Added Value

Christ (2005: 1) defines added value as offering benefits beyond the scope of the basic product. For instance, a company could develop features that provide extra value, such as attractive product packaging, product training, and extended warranty plans. Moses (2002: 24) typifies Knight Ridder publishers, regarding their use of added value, who have been told to make sure they expand in areas most beneficial to advertisers while also making smarter use of discounting. Added value could be utilised to keep advertisers interested in advertising, plus to keep circulation growth active. Thus added value is a core component of circulation management in media.

Suggestions made by Strauss (2006) are to build on incentives that will heighten client usage of *TM*, while at the same time getting feedback on the diary from such clients. This is in order to increase the value and utilisation of the publication. Measurability enhances the profile of a publication. Advertising decisions are influenced by the verifiability of distribution and circulation figures.

These factors, PR and added value, are practical methods that could possibly help improve circulation numbers of *TM* as well as on the relationship between usage and distribution.

International distribution could also increase usage and distribution of *TM*. The diary can attract attention of international clientele to South Africa. This would require strategic international distribution to appropriate target markets.

2.7. International Distribution

How could *TM* be distributed to an international target market in a cost effective manner? This has been a challenge within the distribution management, as many film or model industry companies are from overseas, and a big percentage of local film production and model industry companies only target international markets. According to its publisher, *TM* does not currently have any international distribution or advertisers. However, although international distribution is an important aspect inherent to *TM*'s distribution, it is more important to focus on local distribution in this research.

2.8. Summary

This chapter points out underlying factors that influence the successful circulation growth of a publication for which advertising is sold. Local distribution, what circulation is and why it's important in this research context, added value, the importance of Public Relations and the importance of international distribution and circulation were discussed. Very important aspects that are generally key aspects in a circulation management system, that need development and can be implemental to successful circulation growth are identified.

It is noted here how *TM*'s distribution system works, that the amount of copies paid for by advertisers goes to the same advertisers. These copies are counted as *TM*'s circulation, making measurability and reaching a clear target market easier to justify for the publisher. However, what emerged from this study is that *TM* does not have international distribution while the core target industry has a strong international flavour.

It was also noted here that an increase in circulation can be independent from profit growth, but that advertisers and the target audience want to see high circulation increase of the publication they are advertised in. High circulation to them mean high exposure of their ads, thus making it relevant to conclude that high and constant increase of circulation can also be seen as adding value to a publication.

CHAPTER 3: CHANGE MANAGEMENT

As is mentioned in the background notes above, technology-based systems are in a constant state of flux because of internal and external factors that are interconnected and changing today. Change management is thus increasingly significant in media. Mierzewska and Hollified (as cited in Albarran et al., 2006: 58) underline this increasing significance as media consolidation continues. They predict that there will be a growing need for more informed perspectives on the interactions between media management, economics, content, and society. Furthermore, the media industry will soon start searching for more efficient management methods as the competitive natural world of the media industry changes because of new technologies, rules, and new market circumstances. Subsequently, it could be said that the strategic change management of media companies will probably stay an important aspect of study for a while to come, as technologies, especially, become more and more integrated into people's lives.

3.1. The Dictates of Environmental Change

Quinn (2000: 5) identifies modern drivers of change in media management as an oversupply of data, decline in print media circulation, a change in consumer attitudes and rapid developments in technology – especially the influences of the Internet on media. Some analysts argue (Quinn, 2000: 13) that socio-economic changes are more powerful than technology, though most admit the Internet is a catalyst for change as it has trained people in general to become used to free information. As mass media is interwoven into people's lives today, many analysts have argued that there is currently an information overload available to members of the public, including those working in media.

Quinn rightly states (2000: 13) that the challenge for media managers today is to assemble and transform information into knowledge in such a way that audiences experience media as valuable and not irrelevant to their lives. The role of the media has thus become, to some extent, through converting loose elements of information into more useful segments of knowledge, to provide meaning to "what is out there" today. From the above it can thus be said that information has been a cause of change in the media industry, while one may even say that information has become synonymous with change. Therefore the nature of this information is next placed into context.

3.2. The Nature of Information in the Publications Industry

Sawhney and Parikh (2001: 178) believe we live in an information economy that influences the value of all functionality. Their argument is that, in an information economy, bettering the use of information is equal to creating economic value. In other words, intelligence has more economic value attached to it today than in older economies.

In fact, in this Information Society information has become a commodity. Perry (1999: 2-3) defines a commodity as:

“... an item that can be bought or sold”.

According to Perry (1999: 2-3) the realisation that information had become a commodity really started the moment information, as opposed to financial and scientific data, became available on-line. Before then, the purchase of a book or journal was virtually the purchase of the once-off rights to the information and ideas within that medium for an unlimited amount of time, while with information available on the Internet there is a possibility that one may be charged every time that you'd like admission to such information.

In order to explain what this Information Society is seen as today, “information” is first defined here by referring to Girard and Ó Siochrú of the United Nations Research Institute for Social Development who prepared a paper for the World Summit on the Information Society (2003: 204):

“Information is ontologically related to causality. It connotes the message/cause of an active transmitter who seeks to generate in a receiving patient an immediate or remote behaviour/effect.”

Girard and Ó Siochrú (2003: 204) believe that the term “Information Society” is actually an unfortunate term as information is a weak substitute for ‘knowledge’. The term ‘information’ leans more toward describing computers and information technology than the span of human experience and ability. Some therefore prefer the term ‘Knowledge

Society', as an 'Information Society' seems static, non-interactive and lacking in social and human dynamism.

Sakaiya's 1991 prediction of what our society could look like during the early 21st century rings true if one compares it to the Information Society today. He notably incorporates the word "knowledge" in his definition of the Information Society, but then, calls it the Knowledge-Value Society (1991: 249):

"The impact upon society of current computer communication technology is entirely different in nature from that induced earlier by other technologies such as the internal combustion engine, electricity or the chemical industry... Most technological innovations in progress now aim to increase the knowledge-value variable in products and in society while reducing dependence on material assets by deploying greater diversification and information basing. These are the kind of innovations whose real contribution is to foster increases in the supply of creative knowledge-value."

In response to this strong information component inherent to media and other products today, Quinn (2000: 15) mentions that consumers have come to expect such information. Consumer attitudes therefore force the quality of media products regarding content, packaging and display. Internet and advanced technologies supply consumers of media with an almost unlimited set of products to choose from, which also gives them the option to select the products that best complement their interest and that are of excellent quality.

One can conclude from the above that media owners now have to supply a more specialised, higher quality of knowledge output through using different forms of media plus better-qualified staff, which is expensive and needs extra effort to manage. Brill and Worth (1997: ix) confirm that today's leaders face incredible problems, as employees are more highly educated than ever before and demand greater empowerment from their bosses. Therefore publishers today not only have to manage their in-house business environments (including staff, marketing and knowledge management), but also the impact of the rapidly changing outer media environment of the early 21st century (like multi-media technologies and economy) on their businesses.

After considering these above statements on customer expectations in the Information Age, this study recognises a need for strategic factors to be incorporated in media management, in order to outsource media that is marketable, of high quality and also responsible to the public interest. Consolidation and specialisation has become an answer to problems of quality output, and so a trend toward publishing for niche markets has rapidly emerged in the last decades. As niche market publications are becoming more and more prevalent in a rapidly changing media environment, so it is that the form of media focused on in this study is the niche publication.

3.3. Management Strategies

Three change management strategies are applied to the media management of *TM* in this study: they are scenario planning and the Biomatrix approach (which are basically used to predict possible change in this study) and process management. This chapter introduces these three strategies and the nature of change management in the media management context before the application and discussion of the strategies in the next chapter.

Scenario Building

For the purposes of this study the term “scenario” will be understood as

“The imagined sequence of future events” (Waite, 1998: 579).

Scenario planning, or scenario building, is outlined in this chapter as a suggested means of managing change. The application of a predictive circulation management approach in terms of media management is discussed in the next chapter, creating scenarios to the question of how to increase circulation of the publication locally, relative to increasing circulation internationally.

The use of decision scenarios, which are descriptions of possible futures utilised to make informed decisions according to Wack (1985a: 1), achieved prominence in the early 1970s when a group of analysts working for Royal Dutch Shell, and led by Pierre Wack, used them to convince management that an oil crisis was impending (Wack, 1985a: 1). According to Wade (2001: 1) the scenario approach recognises that efforts to accurately forecast one future are likely to be abortive, except under exceptionally stable

circumstances. A more positive approach reflects that scenario planning presents the future as something that is not fixed but that can be acted upon and influenced by decision-makers.

A scenario is basically a description of one possible future. By contrast with traditional forecasters who spell out one path into the future, scenario planners typically present a number of contrasting scenarios. According to Wack (1985a: 1), the reason for doing this is to show how different social and economic forces may interact to affect future developments, and to force people to confront a range of possible futures and accordingly ensure that they are prepared for whatever does ultimately happen.

As research progresses in the next chapter, it becomes necessary to review systems theory. This is why scenario planning is combined with the Biomatrix theory, which is essentially based in systems thinking, as an exploration of methods to manage rapid change.

The Biomatrix Theory

Dostal (2004: 3), who created the Biomatrix theory, emphasises that systems thinking is the worldview of the Information Age and/or the Technological Age. It is also an accepted view of this study. Dostal (2004: 3) discusses how this age stands in sharp contrast with the Industrial Age's worldview where instruments functioned in a predetermined way according to universally applicable laws and which influenced the foreseeable future of all systems. Therefore, since the Information Age there has been an increasing awareness of the complexity of natural systems.

Systems theory is

“...concerned with the understanding of synergistic complexity and the design of systems that produce desirable synergies” (Dostal, 2004: 3).

Synergy/synergism is defined as,

“Things so combined that they are more effective together than the sum of their separate parts” (Powell & Wevell, 1996: 1159).

Additionally, the essence of the systems theory is that a system is a whole in its own right, as well as being part of one or more larger wholes. It is also accepted that systems co-produce each other and that “the whole is more than the sum of its parts”. In other words, the interaction of the parts of a system gives rise to new characteristics, qualities, attributes or properties, which are not inherent in the parts. A key idea in systems thinking, that has a role in the research approach here, highlights that optimal parts can give rise to a sub-optimal whole and that sub-optimal parts can give rise to an optimal whole (Dostal, 2004: 13).

In that the problem statement of the research project is concerned with improving existing management systems of circulation, it is significant to understand how systems function in today’s world.

One of the latest interpretations of the system’s theory is the Biomatrix model of Dostal (2004: 21.), which basically means “pattern of life” and represents everything we observe in the universe as consisting of a web of interacting systems. In this matrix, every system interacts with the others, forming a complex web of interconnected systems, emphasising connectivity. Intervention in this web requires the management of connectedness and interaction. The Biomatrix approach provides a variety of methods and techniques for such interventions. Lastly, the Biomatrix systems approach proposes that all life is process. Process implies change and activity.

Seen in the context of management systems in publishing, specifically that for circulation, one has to consider whether and how the sub-parts of the system are changing as the Biomatrix model suggests and what influence that can have in forming possible outcomes. Therefore, the third management approach discussed in this study is about managing processes.

Process Management (Hayes and Hyde)

The Hayes and Hyde model (Hayes, 2002: 54) of process management is intended to provide a conceptual framework for thinking about the management of change. It is noted here that the scenario building and Biomatrix models endeavor to establish what the Hayes and Hyde model also advises in its first few steps. It is applied in the next chapter, but it is also seen in this study as a definitive practical method to aid in faster change

management for the small business niche market publication, *TM*. Therefore it is discussed in more detail later.

3.4. Guidelines for Change Management

The following suggested guidelines were employed in this study. According to Schwartz (2004; xiii), the first limitation of any prediction is that unforeseen factors, like changes in global weather patterns and destruction of technology, could totally change the nature of communication in future. Secondly, according to Wade (1996: 1) and for the purpose of this study, predictions could be mere speculation. In order to avoid guesswork, it is critical that two matters are addressed in this study:

- i. Any predictions need to be grounded in a sound analysis of the current (*TM*'s circulation management) situation. In other words, predictions must be an addition to historical research of the publication in question.
- ii. A plan needs to be developed for projecting this analysis into the future. Utilised here is firstly, scenario planning, followed by applying the Biomatrix approach of Dostal (2004).

The third shortcoming of using predictive models or scenario planning in business management is that, according to Schwartz (2004: xiii) it is often not considered quantitative enough, although it includes analysis. However, Schwartz developed a new model of scenario planning that is applied here, and he claims this method is the scenario or vehicle for an imaginative leap into the future (2004: xiii).

3.5. Summary

This chapter explains why change management has become necessary in this era, which is affected by the Internet on so many levels. Addressing the dictates of environmental change and information is identified as a cause of change in the media industry. Therefore the nature of information in the Information Age is also described.

Change management strategies to be discussed in the next chapter are introduced here as that of scenario building, the Biomatrix theory and process management. Lastly, some guidelines for change management strategies are underlined.

CHAPTER 4: DISCUSSION

4.1. Change Management Investigated

In this chapter, change management is investigated from the suggested perspective of Schwartz (2004: 242 – 248) and his scenario building method first. As already stated, a scenario is basically a description of one possible future. By contrast with traditional forecasters who spell out one path into the future, scenario planners typically present a number of contrasting scenarios. According to Wack (1985a: 1), the reason for doing this is to show how different social and economic forces may interact to affect future developments, and to force people to confront a range of possible futures and accordingly ensure that they are prepared for whatever does ultimately happen.

Schwartz (2004: 242 – 248) suggests the following eight steps to start at managing change and which are needed to construct a set of scenarios:

1. Identify the focal issue or decision
2. Key forces in the local environment
3. Driving forces
4. Rank by Importance and Uncertainty
5. Selecting Scenario Logics
6. Fleshing Out the Scenarios
7. Implications
8. Selection of Leading Indicators and Signposts.

The importance of step 1 (identifying the focal issue) lies in cutting down the number of scenarios one has to consider. Even simple situations with few factors to take into account can generate many possible scenarios (Schwartz, 2004: 242-248). For example, if one were considering the influence of two sub-parts that make up circulation, namely ad sales and distribution, on a particular variety, one would need to consider four scenarios (see Table 3 below):

Table 3. Four scenarios that make up circulation of *TM*, adapted from Schwartz (2004: 242).

□1.High Ad sales High distribution	□2.Low Ad sales High distribution
□3.High Ad sales Low distribution	□4.Low Ad sales Low distribution

Adding a third factor would increase the number of possible scenarios. By narrowing the focus of one's enquiry one can cut down the number of factors that have to be considered. Similarly, correctly identifying certain elements as being predetermined limits the numbers of variables one has to consider and, Wack (1985a: 1.) argues, helps make one's predictions more reliable.

4.1.1. The Focal Issue

The focal issue of this study is to research and test business models that could aid in increasing circulation and distribution, as sub-part of circulation, of *TM*. A part of this focal issue is also to distribute *TM* internationally. It is seen as optimal when a circulation shows an increase in media, along with other factors of circulation like distribution and ad sales (see Appendix A, p. 92 - Graphs 1, 2 and 3 - for growth indicators of *TM*). It is evident from these *TM* figures that there has been a general growth in ad sales and distribution but according to *TM*'s publisher, retail sales have not shown a significant increase (Andor, 2006a).

(Note under step 4 of the Schwartz methodology, how scenario-planning and the Biomatrix theory helps to identify a reason why *TM* has not been able to reach the main goal of the research and outlined in the focal issue statement).

4.1.2. Key Forces in the Micro Environment

The key factors influencing the success or failure of the focal issue are outlined below. These factors were established by studying the internal and external forces in the media management environment of *TM* after an interview with its publisher (see questionnaire, Appendix B) and by applying Schwartz's scenario building steps.

Factors Influencing No Increase of Circulation (Andor, 2006b).

After interviewing the publisher of *TM*, the following factors influencing no increase of circulation were identified:

- Ad sales not high enough to finance printing of more copies
- Sales of diary not high enough to finance printing of more copies
- Ad sales in *TM* has seen steady increase over last 5 years, but retail sales figures of the diary has seen little change, and
- Distribution depends on ad sales – advertisers get the amount of copies they paid for by advertising in the diary.

Factors Influencing No International Distribution (Andor, 2006b).

After interviewing the publisher of *TM*, the following factors influencing no international distribution were identified:

- Ad sales and sales of diary not high enough to finance international distribution costs
- No international companies advertise in *TM* because there is no international distribution, and
- Thus, no international distribution because there are no international advertisers.

4.1.3. Driving Forces in the Macro Environment

According to Schwartz (2004: 243), this is the most research-intensive step in the process. He notes that in order to adequately define the driving forces, research is usually required and may cover markets, new technology, political factors, economic forces, and so on. He suggests to search for the major trends and trend breaks (for

purposes in this study, trend breaks are understood as factors that stand out significantly as indicators of changing trends), the latter which are the most difficult to find as novelty is difficult to anticipate.

As shown in Table 4 below, the driving forces in the micro and macro environment are identified, as well as the trends and trend breaks that could and have had influences on *TM*'s distribution. The main aspects being investigated are which factors influenced the lack of international distribution and circulation inertia.

Factors Influencing No Increase of Circulation (Andor, 2006b).

After interviewing the publisher of *TM*, the following macro-environmental factors influencing no increase of circulation were identified:

- The market is saturated and advertisers are not identified specifically enough
- The market tends to expect to get the diary free from diary advertisers
- There has been a focus on getting advertising rather than selling the diary, because advertising generates higher income, and
- In this current system of advertisers getting the number of copies they paid for by advertising, the more ad sales there are, the higher the distribution will be.

Factors Influencing No International Distribution (Andor, 2006b).

After interviewing the publisher of *TM*, the following macro-environmental factors influencing no international distribution were identified:

- Once again, as is the problem with increasing circulation, the market is saturated for local advertising and a specific target market for international clients have not been identified and targeted for *TM* yet
- Because there are no international advertisers, there is no international distribution as copies of the diary are distributed to the advertisers in the *TM* distribution and circulation system, and
- Vice versa, because there is not international distribution there are no international advertisers because international clients would like to be promoted locally and internationally if they were to be featured in the diary.

4.1.4. Rank by Importance and Uncertainty

The reason why a ranking by importance and uncertainty is done, is to,

“... identify the two or three factors or trends that are most important and most uncertain... Scenarios cannot differ over predetermined elements like the inevitable aging of the baby boomers, because predetermined elements are bound to be the same in all scenarios” (Schwartz, 2004: 243).

Establishing which factors are predetermined and uncertain helps put into perspective what you can or cannot change. In Table 4 uncertain matters, in other words factors that are most affected by changes, are identified. If factors are marked very important, it also implies that they are predetermined in the circulation system of *TM*.

(Table 4 follows on the next page).

Table 4. Application of eight steps of scenario building according to Schwartz (2004: 242). Information about *TM* supplied by its publisher (Andor, 2006b).

NO CIRCULATION INCREASE	MACRO-ENVIRONMENT DRIVING FORCES	TRENDS AND TREND BREAKS	DEGREE OF IMPORTANCE
Ad sales not high enough to finance printing more copies	The market is saturated and advertisers not delineated specifically enough	It's the tendency to target international markets as South Africa is becoming more popular as filming destination	Very important
Sales of diary not high enough to finance printing more copies	Market tends to expect getting the diary for free from diary advertisers	Create trend of buying the diary by inserting added value	Most Uncertain
Ad sales in <i>TM</i> has seen steady increase over last 5 years, but sales figures of the diary has seen little increase	There has been a focus on getting advertising rather than selling the diary, because advertising generates higher income	Ad sales plus sales could increase by added value creation	Uncertain
Distribution depends on Ad sales – advertisers get the amount of copies they paid for by advertising in the diary	Thus, the more Ad sales, the higher the distribution	Improving the overall quality of the diary could attract a bigger section of the target market	Important
NO INTERNATIONAL DISTRIBUTION	MACRO-ENVIRONMENT DRIVING FORCES	TRENDS AND TREND BREAKS	DEGREE OF IMPORTANCE
Ad sales and sales of diary not high enough to finance international distribution costs	The market is saturated and advertisers not specifically delineated	More and more events in South African film/model industry through events listings in diary can be trend break	Very Important
No international companies advertise in <i>TM</i>	There is no international distribution	Focus on getting international advertisers	Very Important
No international distribution	There are not international advertisers	Organise international distribution	Important

After assessing the above table, it is the conclusion that there are three “very important” factors to address:

1. Ad sales is not high enough to finance printing more copies,
2. According to the publisher of *TM*, very few international companies advertise in *TM*, and
3. There is no international distribution of *TM*.

The following are uncertain factors, mostly because of the lack of strong grounding of the three “very important” factors above:

1. Sales of the diary are not high enough to finance printing more copies, and
2. Ad sales in *TM* has seen steady increase over the last 5 years, but retail sales figures of the diary has seen little increase.

It is required to reflect on the matter of uncertainties that are related to the “very important” factors in order to mirror how they cause change. How they are explained according to the Biomatrix view is explored next. The following imagery about the nature of systems is first considered:

“Every system consists of seven aspects...”

as is laid out in the Biomatrix theory (Dostal, 2004: 45).

A system has six inherent aspects, which, together, describe the system. The seventh aspect is the inner- and outer environment with which the system is in interaction. If one of the aspects were missing, one would not have a system. The seven qualities of a system according to Dostal (2004: 45) are environment (inner and outer), ethos, aims, process, structure, governance and substance/mei (mei: matter-energy-information field).

Dostal (2004: 45) points out that the boundaries between the different aspects are fuzzy, whereby it depends on the observer to decide if something is regarded as ethos or aims, as process or structure. Governance, too, have common characteristics with other systems aspects. She mentions that even what is inside and outside of the system could vary from one observer to another. It depends on where the observer stands within the

system. It should be noted that, as outlined by Dostal (2004: 46), “fuzziness” doesn’t imply that the aspects of the systems are unclear, rather the boundaries between them.

Each of these aspects is holographic, whereby each system’s aspect has the other aspects embedded in it, also explaining the “fuzziness”. One can depict the components of a system as a Rubric’s cube (a large cube composed of many small cubes) as Dostal does, to show the generic aspects of a system:

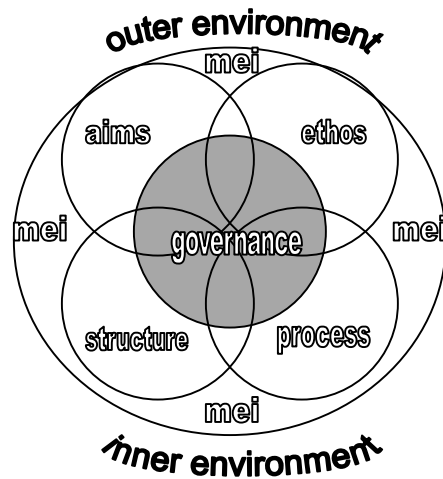


Figure 4. The generic components of a system (Dostal, 2004: 47).

This shows that the scenario building method applied up to now, is so far also imbedded in the Biomatrix theory in that there has been a priority ranking of values (very important to uncertain) which is the ethos of a system:

“It reflects governance, as somebody or something had to determine the values inherent in the ethos. Or, the structure of a system embodies inherent ethos, aims and governance. For example, a traditional organisation hierarchy is a structure that embodies these aspects differently than an organisational matrix” (Dostal, 2004: 47).

Ethos, plus aims, structure, process, inner-and outer environment and governance of the *TM* circulation management system as illustrated in Table 4 have already been reflected upon. Interrelatedness is focused on further at a later stage in this report.

Dostal (2004: 47) makes it clear that the various aspects of a system need to be logically coherent with one another in order for the system to function in an orderly manner. In other words, (in)coherence between the aspects implies (in)stability source. For instance, if the aim of a company is to be an Information Age-organisation and the resources or equipment is outdated, there is a problem:

“Often inconsistencies and incoherence creeps in, whereby some aspects of the system change, while others remain the same. This causes stress and disorder in the system and could ultimately lead to its demise. Hence, stability in a system requires that the... systems aspects are coherently lined with each other and that change in one is followed by a change in the other aspects as well” (Dostal, 2004: 48).

Consequently, as mentioned above under the micro environment, factors that are imbedded in *TM* seeing no circulation increase is epitomised by the fact that ad sales in *TM* has seen a steady increase over the last 5 years, but retail sales figures of the diary have seen little increase (Andor, 2006a).

This contrast is understood as an example of an inconsistency in the current circulation management system. From a philosophical and qualitative point of view, the Biomatrix theory is underscoring this incongruence – or the biggest “uncertainty” – that this researcher has already found through applying the scenario building method. The incongruence being ad sales increase versus no retail sales increase of *TM*.

4.1.5. Selecting Scenario Logics

The next two steps of the scenario building method (Schwartz, 2004: 242-248) are to identify the scenario that:

1. Best captures the dynamics of the situation, and
2. Communicates the point effectively.

These are the factors to be used in creating scenarios. And if the scenarios are to function as useful learning tools, the lesson they teach must be based on issues basic to the success of the focal decision. Schwartz (2004: 242) suggests looking at the

fundamental axes of crucial uncertainties and to present them as a spectrum, a matrix or a volume in which different scenarios can be identified and their details filled in.

By looking at the outcome of Table 4, it is clear that the retail sales of the diary along with generating enough funds for international distribution are the most uncertain aspects in the distribution and circulation continuum. The question is then whether retail sales of the diary will increase when distribution is international. Thus Table 5 is a representation of an axis investigating this question.

Table 5. Presentation of retail sales aspects versus international distribution (Andor, 2006b).

□1.High retail sales; High international distribution	□2.Low retail sales; High international distribution
□3.High retail sales; Low international distribution	□4.Low retail sales; Low international distribution

By considering through scenario planning, the scenarios as shown in Table 5, whether retail sales will increase in the context of high or low international distribution, or whether low retail sales will have any effect on high or low international distribution, it is deducted that if there are international advertisers, there could also be international distribution possible in this particular existing circulation system.

After considering Table 5's outcome, an inference made is that ad sales could have the probability of increasing when international distribution and international advertisers are incorporated. According to Andor (2006b) the aspects that best describe the existing plot

will be the diary retail sales in relation to the ad sales, not in relation to international distribution.

If the ad sales are higher, there will be more funds to increase circulation – that is, amounts of diaries that go to advertisers, plus amounts of voucher copies to be sent to potential advertisers, as well as amounts of diaries to be set aside for sale in book shops. These are scenario logics drawn from considering four scenarios set out along an axis.

Again noted is the importance of interrelatedness of sub-aspects, plus their interaction with each other. These sub-factors form the whole of the circulation system as demonstrated while considering the outcomes of Table 4 and 5 above.

4.1.6. Fleshing Out the Scenarios

Each key factor and trend was given some consideration in the context of allocating more funds towards making international distribution possible. As is palpable from the current distribution system, everything is connected. Without sales of the diary at bookshops, the connections between ad sales, distribution and higher circulation could be stronger. What events might be vital to make the end point of this scenario, in other words no retail sales, plausible?

Retail sales could be causing inconsistencies in the circulation system of *TM*. As illustrated through applying the seven aspects theory of the Biomatrix to this *TM* system, it is most probably best to take it out of the system equation. That is also because it has not shown incremental growth alongside other aspects of the circulation system, which is another indication of incoherence within a system according to the Biomatrix systems theory.

But also, from a more practical point of view, the researcher believes it is vital to not employ retail sales of the diary through outlets. That is because in general business marketing logic as Grady notes (1996: 87), one shouldn't sell both through a distribution channel and directly to the consumer, as it can cause confusion and loss of business. The market must know precisely where and how to buy the product.

Currently the market receives *TM* directly from the publisher. The market does not have to buy it from a newsagent. So if they do not need to buy it at a newsagent, they are not likely to look for the diary anywhere else.

Another rule outlined by Grady (1996: 87) is the 80/20 scenario of marketing:

“Minimize risk by knowing who your 80 per cent of customers giving you 20 per cent of your business are, and lose them.”

Since the least income has come from sales of the diary through bookstores and other retailers, this is another indicator that retail sales are a waste of time and effort.

4.1.7. Implications

Next, Schwartz suggests to evaluate how does the decision, made after considering all the scenario logics, look in each scenario?

1. Through scenario building it is apparent that with no store sales of the diary, but advertisers getting the amount of diaries paid for, some of the funds that were initially used by organising and distributing to retail sales outlets could be used toward international distribution.
2. Ad sales, circulation, distribution and usage numbers could all still increase without retail sales as part of the system.

Schwartz (2004: 242) suggests to next jot down initial thoughts on the opportunities and threats each scenario presents the decision to underline the implications of what was learned about the system. He also underlines asking how would the competitors, customers, and service providers change because of the new scenario. Hence follows a discussion about opportunities and threats for *TM*.

Opportunities

- Instead of spending time and making an effort to organise distribution, rack space, negotiating sales percentages and commissions with retailers, allocating the right stores for the target market, etc., focus and research could now be on how to get more advertising sales in *TM*. Getting more qualified and experienced advertising

sales people on board and training them could help accomplish selling more advertising space in *TM*. The more qualified and experienced the people that sell advertising, the bigger the chances of seeing an increase in ad sales.

- Increased Print-Run. Should there be more advertising revenue coming in or not, it could be possible to increase the circulation, because some of the money that was previously allocated to organising and facilitating diary retail sales could now be divided and parts thereof may be used to pay printers, for instance. In other words, not making diary sales part of the distribution could directly result in circulation increase through shifting sales distribution funds to printing funds.

An increase in ad sales is, as a result, not necessarily needed for circulation to improve, although funding generated through ad sales increases should have effects that could be beneficial.

As is suggested by Schwartz (2004: 242 - 248), next the threats to *TM*'s media management system are being investigated.

Threats

- Higher circulation, higher distribution costs. An increase in the circulation would mean more money is spent on couriers and shipping companies.
- Higher ad sales, higher risk management. If the ad sales are increased as a result of employing more ad sales personnel, it also brings a fair share of energy of the publisher diverted toward training and managing staff, which might be time consuming and time is money. Time consuming personnel administration could in this way leave less opportunity for selling ad space.
- Film Industry Economy Threat. Trends over the past five years have shown that income for the diary's target market is normally higher when the Rand is weak against international monetary systems (Andor, 2006a). That is, "cheap" rates by international standards could still mean lucrative incomes for South African companies supplying services to international companies if exchange rates are considered. So if South Africa's economy is doing well, it may mean less work for film and model industry companies in South Africa while bigger competition normally prevails between these companies to win a share of the international target market at such times. If local film industry companies don't make enough

money, they are not likely to spend on advertising. Therefore, the economy could affect ad sales in the diary negatively while if there are not enough ad sales, the circulation numbers will be forced lower and international distribution may in the end not be viable anymore.

Competitors to *TM*'s target market are important indicators of change in the diary's outer environment. Here follows a discussion thereof.

Competitors

Should direct retail sales not be part of the distribution and circulation system anymore, it would not necessarily affect the competitive market of *TM*. *TM* is generally in competition for a share in the ad sales market with other film and model industry annual publications, but they are not diaries. They are only guides¹ and/or directories². They are sold to the same target industry as *TM*, as well as to the public, but since *TM*'s retail sales were so low, it would not affect the competitors' sales numbers if *TM* were not sold in stores anymore. In fact, it could increase competitors' publication sales, creating a gap in the retail sales market for competing publications. Most significantly, when *TM*'s circulation lacks the retail sales aspect, there will be more competition for advertising revenue income for all publications that are in competition in this industry.

Should customers of service providers of *TM* alter in any way, it may affect the management of circulation. Therefore customers and service providers are put into context in the change management environment of *TM* next.

Customers and Service Providers

Without retail sales in the *TM* circulation system, customers of *TM* may change to mainly the film and model industry, locally and internationally, as opposed to the local film and model industry plus the general public. The service providers would not change provisionally, but some may be cut out of the current distribution system, like those who

¹ *Filmmaker's Guide to South Africa*, Cape Town: Film Event Management South Africa Pty Ltd, Circulation: 10 000 per annum.

² *The Whole Lot Directory*, Cape Town: Barry Lucas Publishing, circulation: 10 000 per annum.

provided circulation analysis and management to bookshops. Couriers that were previously used to move copies from the printers to these circulation analysts would still be used, but this time to directly distribute to the target market, which are essentially the advertisers. Shipping companies will also have to become a new addition to the distribution system to deliver copies internationally, which has not been part of the local distribution network of *TM* up to now.

4.1.8. Selection of Leading Indicators and Signposts

Schwartz (2004: 242 - 248) suggests asking the following three questions:

1. What *additional data do you need on the local environment*, given the possibilities raised by these scenarios?
2. What *additional data do you need on the macro environment*, given the possibilities raised by these scenarios?
3. What variables might make good *indicators of the direction of change*?

These three questions are next discussed with regards to *TM*:

1. What *additional data do you need on the local environment*, given the possibilities raised by these scenarios?

- Increased ad sales (Andor, 2006a). As outlined under the heading “Opportunities” above, there are many opportunities to increase the ad sales of *TM* if there are no diary retail sales through independent retailers. Focus and research could now be on how to obtain more advertising in *TM*. Acquiring qualified and experienced advertising sales people and training them could help accomplish this goal of getting more advertising in *TM*. There could even be time to create performance standards and measures in a performance plan for employees. The more qualified, informed and experienced people are that sell advertising, the bigger the chances of seeing an increase in ad sales. If employees know what the goals of the company are, it could also improve their performance:

“Study after study has shown that clear expectations improve employee performance” (Zigon, 1999: 8).

In order to benefit from advertising sales research the most, it is needed to do an independent survey about what potential advertisers would expect from a diary for the model and film industry. Employing staff with marketing research experience as well as advertising sales skills, especially clinching sales deals, could be most beneficial and cost-effective to the company.

Additional data to that which already exists regarding the inner environment of the publication could be needed in order to increase ad sales. This may include results from surveys directed at finding what the target market thinks about *TM*, the diary itself and surveys on the inner environment of *TM*.

However, as already mentioned, higher ad sales also means higher risk management is needed. If the ad sales are increased as a result of employing more ad sales personnel, it also brings a fair share of effort diverted toward training and managing staff, which might be time consuming and expensive. Time consuming personnel administration, could hence leave less opportunity for actually selling ad space unless time management structures are well planned and carried out. So, additional data about payment structures that have worked or not worked in the past in the company may now be assessed.

There is always a risk that an employee might not deliver positive results, so each individual's track record in sales and marketing research needs to be taken into consideration before employment. This lowers the risk of employees not being trustworthy or capable to help grow the *TM* ad sales and image.

2. What *additional data do you need on the macro environment*, given the possibilities raised by these scenarios?

- Increased (international) circulation. As mentioned under previous headings, should there be more advertising revenue coming in or not, it would be possible to increase the circulation of *TM* independent of ad sales, because some of the money that was previously allocated to organising diary retail sales can now be used to pay printers. In other words, not making diary retail sales part of the distribution could directly result in circulation increase through shifting sales distribution funds to circulation funds.

The additional data needed in order to make this happen, will include, at first, how many diaries were normally allocated for sales through retailers. This will be added to the amount that normally is distributed to subscribers and potential advertisers, of which a percentage should now go to potential international advertisers, as there would be more funding to make this possible. Other data needed regarding the macro-environment will be financial figures. This will include how much was previously spent on circulation and dissemination, plus how much could now be spent on increased circulation and distribution in the wake of the proposed changes.

Sifting through financial quotation data provided by potential shipping companies, printers and couriers who could organise circulation and dispersal would be the last necessity. Finding the most financially effective combination of service providers to increase circulation and distribution should provide insight on which to use or not.

However, too high an increase in circulation could mean too high delivery costs. An increase in the circulation would mean more money is to be spent on couriers and shipping companies distributing more diaries than before. This is why data needs to be evaluated carefully and a separate plan for managing delivery costs may be designed through more scenario planning in order to save costs.

- Film Industry Economy Threat. Also mentioned under the previous heading, and according to Andor (2006b), South African economy trends over the past five years have shown that income for the diary's target market is normally higher when the Rand is weak against international monetary systems.

"The local film industry dipped 30 percent in 2004 due to the strengthening of the Rand, as producers turned to countries such as Argentina and Brazil instead. A focused marketing campaign by South Africa and a realisation that other countries 'do not offer the same value for money', resulted in business bouncing back last year, the Cape Film Commission has said. The Western Province's film sector, the mainstay of the industry in the country, produces an annual turnover of about one billion dollars (about eight billion Rand). On a national level, the film sector's contribution to the domestic economy is estimated at two percent. There are

around 150 production companies in Cape Town and the domestic industry employs some 30,000 people” (Stunning Cape Town, 2006).

The threat is that when local film industry companies don’t make enough money, the South African economy could be doing well. In order to prevent *TM* distribution from being too affected by local economy inflections, one needs to establish a sound and well-based international distribution system so that the South African economy could not affect ad sales in the diary negatively. If there are not enough ad sales, the circulation could be forced to lower numbers and international distribution may not be viable anymore.

Additional macro environment data about the South African economy’s flux trends should be the base for international distribution planning. It could be argued that, if the rise and fall of the economy could be anticipated to some extent, at least, it could also provide an indication of how much money should or should not be planned for spending in advance.

It is essential to note that, according to Andor (2006b) media headlines could often be seen as indicators of economic trends. It has lately been the trend to shoot feature films in South Africa and Africa, because of the weak Rand, but especially after the big publicity success local films have had internationally. An example, as mentioned by Andor (2006b) is *Tsotsi*, directed by Gavin Hood and funded by the Industrial Development Corporation of South Africa, that won an Oscar at the annual Academy Awards, as well as movies like *Hotel Rwanda* about the genocide in Rwanda, that has won wide acclaim in the last few years.

- Competitors. Should *TM* only be distributed to advertisers and international potential advertisers and clients, and not be sold as retail as is suggested, it will mean direct competition with other film industry annual guides/directories for international advertising sales. That is, because these other publications generally have strong international distribution already according to Andor (2006a). Additional data about the circulation to the international target market by these publications would have to be acquired in order to assess how big the market share will be if *TM* also distributes internationally. Data about which companies in which countries are mostly targeted could also be helpful, as *TM* could target

international companies that have not been saturated with South African film industry advertising yet.

- Customers and Service Providers. Customers would change to mainly the film and model industry locally and internationally, as opposed to the local film and model industry plus the public. Customer data, like international companies that are already finding work in South Africa, should be utilised in order to set up dispersal of copies under the 'potential advertisers' label. This can be obtained from the Cape Film Commission, Durban Film Office and Gauteng Film Office, but also through *TM*'s own research of potential customers. Own research to obtain data is essential, as only certain film and model industry companies are listed with the film officials in the most essential provinces for filmmaking: the Western Cape, KwaZulu Natal and Gauteng. Also, as addressed above, the service providers would have to supply additional new fees data to *TM* managers in order to assess whether it would be cost-effective to use old or new service providers because of international circulation and different numbers in circulation.

4. What variables might make good *indicators of the direction of change*?

Schwartz suggests that it is important to know which story most closely depicts history as it unfolds (2004: 242 - 248). It is to be noted that the "stories" or predictions in this research are best described under the previous two headings as they are named: Customers and Service Providers, Film Industry Economy Threats.

In order to closely follow whether predictions in this assignment develop as planned as "history is being made in the future", it would therefore be crucial to compare these predictions to macro and micro environmental advances on a continuous basis. It is suggested that the stories are named the same as their headings earlier in this chapter. For example, prediction outcomes can be checked under titles like "Competitors", etc. This will not only help one keep track of whether plans are well-predicted, but will also help provide insight into what the outcomes might be before it happens. Additionally, it can help find new trends that could influence critical changes on an ongoing basis. In fact, in the next section of research, new trends are discovered because of the stories created earlier in this research.

Potential Signposts/Indicators

Next Schwartz (2004: 242-248) indicates to identify a few observable and measurable trends, which can be monitored as bellwethers of critical change. Currently, there are various signposts to keep track of which reflect change in the model and film industry. Some of the topics discussed below are already incorporated in “stories” that are more relevant to the research of dispersal and circulation management of *TM*, but below are some current indicators of change that could also be looked out for in future. Some of them are not always measurable, but can be monitored by regular observation.

Events and Increase of International Feature Films in South Africa

The nature of film and model industry events has been a good pointer of transformation over the past five years. For instance, the Cape Town World Cinema Festival and Sithengi Film Market (2006) gives one a good perspective of South Africa’s position in the international film market, by noting to what extent the rest of Africa is dependent on South African film industry clientele and services. That also counts for the leading film markets of Europe and America – some of these industries have a committed interest in South Africa as a filming destination. This was indicated by talks and conferences at the 2006 Sithengi festival and press conferences, which this researcher attended, through speakers from the National Film and Video Foundation, Cape Film Commission, the government, Morgan Freeman (actor), to name a few, as well as various delegates from Europe, Asia and Africa.

4.2. Discussion of Research So Far

What was preventing *TM* from increasing growth on levels inherent to circulation turned out to be retail sales, that is, within the limit of variables studied by this researcher up to this point. After taking it out of the equation, it made the system cogent on all levels. Dostal (2004: 47) indicates that the various aspects of a system need to be logically coherent with one another in order for the system to function in an orderly manner. One conclusion is that this theory of system function is applicable to a media management system like that of *TM*.

Another conclusion made after taking retail sales of the diary out of the circulation management system, is that circulation of the diary can now increase on a local and

international level because of wider funding possibilities. Two scenarios for the future status of the publication's circulation emerge from the study. The most likely scenario that should be implemented is the one in which the circulation is extended internationally due to an increase in print-run and funding, as well as added value of the publication is amplified to interest its target market, the South African film industry. The alternative scenario is one in which circulation remains local but where print-run numbers are increased and added value is implemented to interest its target market.

Some more matters that emerged from the study so far is that scenario building as a media management method can also double up as a problem-solving tool when combined with the Biomatrix system's theory. The method of reaching this conclusion was identifying macro and micro environmental factors that influence no increase of circulation and international distribution, and juxtaposing them in a table (Table 4). Negative matters identified as stunting the circulation growth were:

- a saturated market for *TM*,
- the market expects to receive the *TM* diary free, and
- too much focus from management on ad sales, rather than on marketing, combined with adding more meaning and value through applying the public sphere media model, branding and Public Relations.

Another conclusion, which is related to the mission in the first step of the scenario building methodology, which is to Find the Focal Issue – a solution was found after applying the seven aspects of a coherent, interconnected system (Biomatrix theory) through establishing which factors are most uncertain. Combining the most uncertain factors with the most vital issues in stories with a future bearing helped place matters in perspective. In other words, when a perspective of what is most vital and most uncertain is needed in media management, combining Schwartz and Dostal's methods can be helpful. The most important focal decision after applying methodology in this case, is taking retail sales out of the distribution and circulation system.

Lastly, using Grady's practical marketing logic rules, combined with the scenario building and Biomatrix methods has aided in coming to the point of a decision scenario. Grady's (1996: 87) guiding points to marketing, and interviews with marketing consultants were

utilised for help. The two most significant general marketing rules applied here to media management of circulation and distribution, was firstly,

“... do not sell both through a channel of distribution and directly to the consumer, because this causes conflict and loss of business... The market must know where and how to purchase your products” (Grady, 1996: 87).

The other rule, also stated by Grady (1996: 92), being the 80/20 scenario of marketing:

“Minimise risk by knowing who are your 80 per cent of customers giving you 20 per cent of your business, and lose them.”

Since the least income has come from retail sales of the diary through bookstores and other retailers, it is clear that retail sales needs to be omitted from the current media management system.

Interpretation of Results

This study of circulation management shows:

- How changeable or sensitive circulation is as it is dependent on sub-aspects to function cogently. Such sensitivities need close watching on an ongoing basis, in order to establish when changes occur, underscoring how important change management is
- Circulation is a core factor in successful media management, as basically all management factors, internal and external impact on it.
- Shows why rapid change can happen in media management as sub-aspects of its systems are interdependent, and
- Shows how stories can help identify signposts of change to keep track of.

Conclusion

After looking at impacts on circulation management, micro and macro environment influences were identified. In conclusion, as mentioned in the problem statement, it is established what are some of the external and internal factors to look out for as future harbingers of change in media management. Since book and magazine publishing are in

question here, a typical publisher's structure of media management in the publishing industry of 1987 is considered, please refer to Altbach's outline in Figure 7 below (p. 61). Altbach's (1987: 5) diagram was adapted from *A Guide to Book Publishing* by Datus C. Smith, Jr., published in 1966. Note that in the Datus outline, only external and internal factors were identified as impacting on media management.

Today, external factors impacting on media management in book and magazine publishing are still generally the same as in 1987, but internal factors can be divided into external and internal factors as well (called internal-internal factors and internal-external factors here.)

Figure 5 is a depiction of a typical publishing house's process of publishing and associated jobs (Evans & Seeber, 2000: 246) surrounding publishing in the 1990's. This was inserted for comparison with the outlines of earlier and later times in book publishing.

A general diagram (Figure 6) was then designed, after considering research up to this point, to illustrate how complex changes in media management systems can be today and what the internal and external impacts generally are.

(Figure 5 and 6 follow on next pages.)

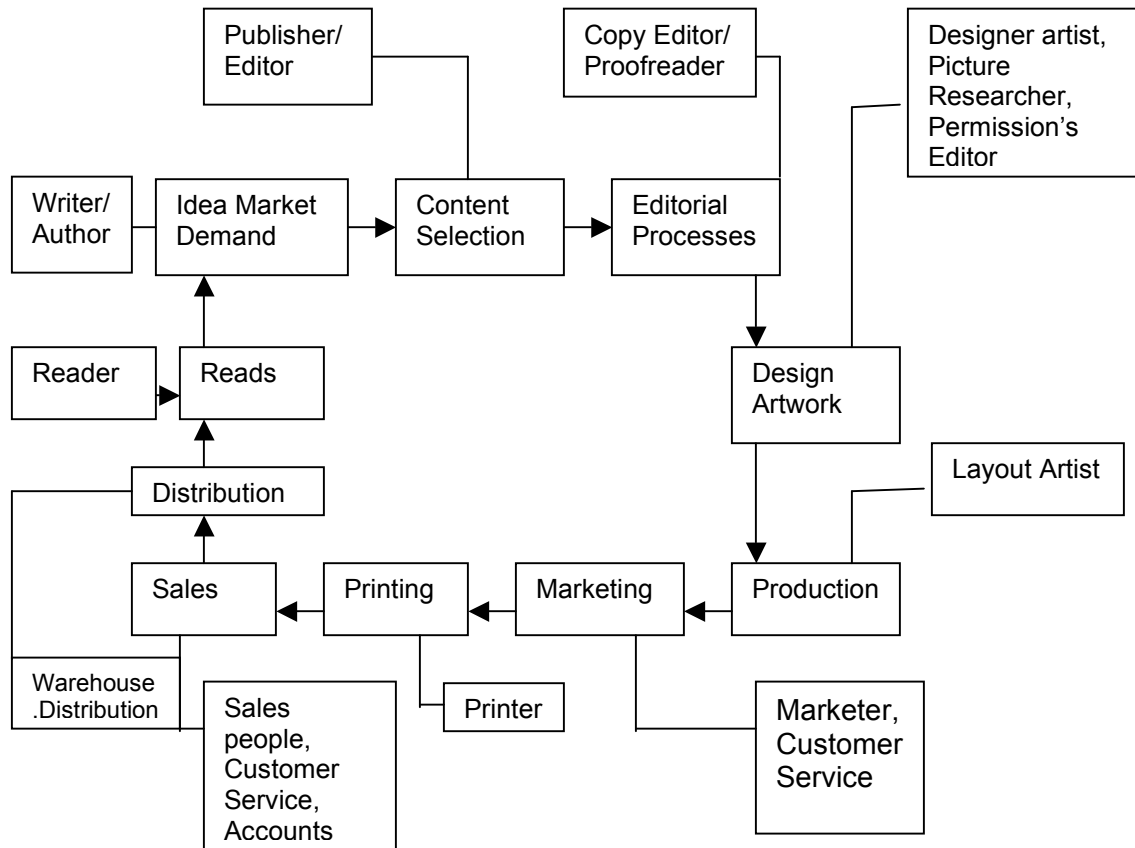


Figure 5. The Publishing Process and Associated Jobs (Evans & Seeber, 2000: 246).

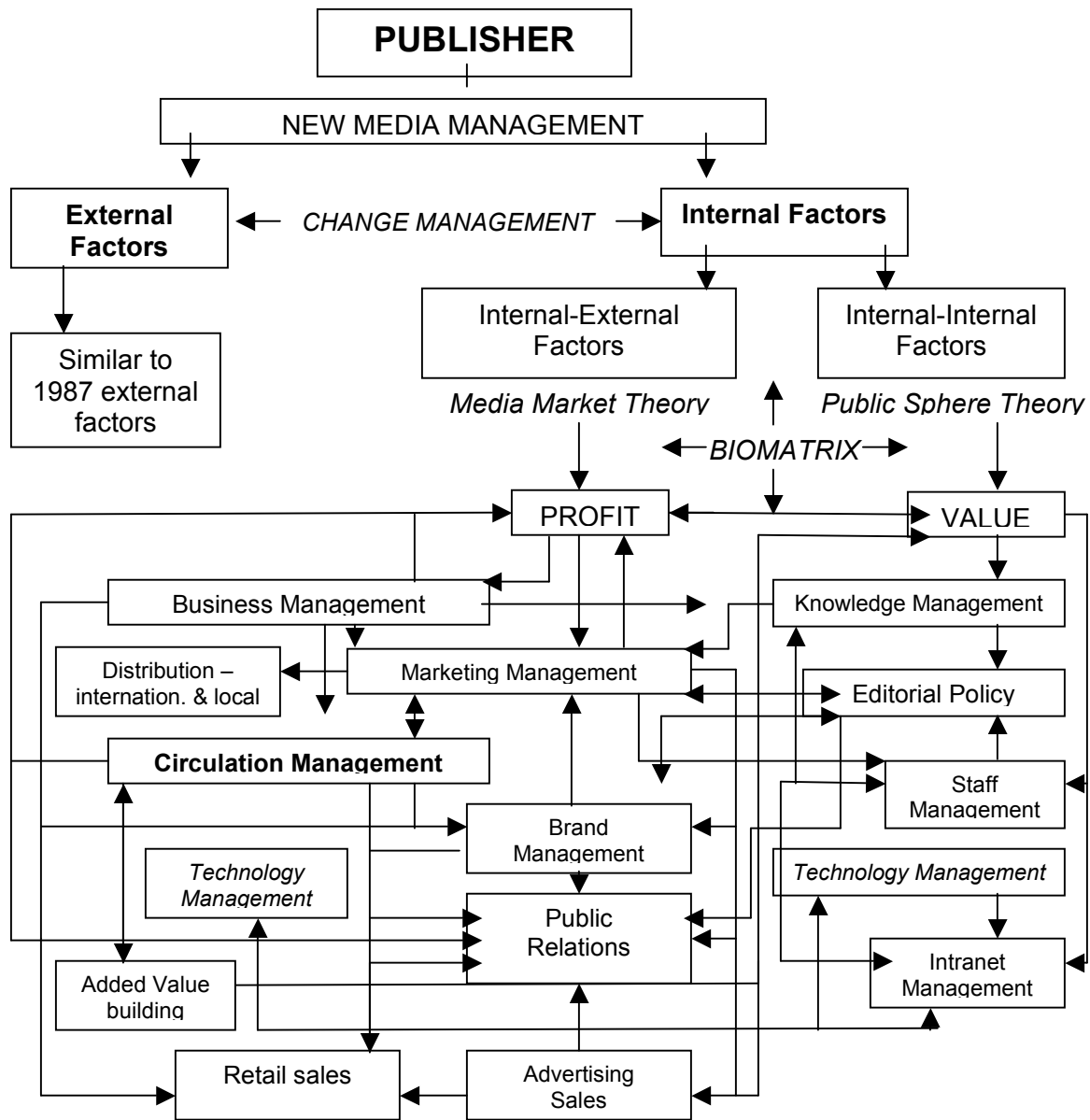


Figure 6. Outline of the Media Management structure of *TM*'s publisher, as supplied by the publisher (Andor, 2006a).

Compared to Figures 7 and 8, which illustrate how a typical media management system functioned in 1987, the diagrams indicate how change management has developed. Also note that technology management is the only factor that has a place in the internal-internal as well as internal-external factors in new media management of a book

publisher. That is, because it is identified as a main ingredient that catalyses change in media management of book publishing in the Information Age.

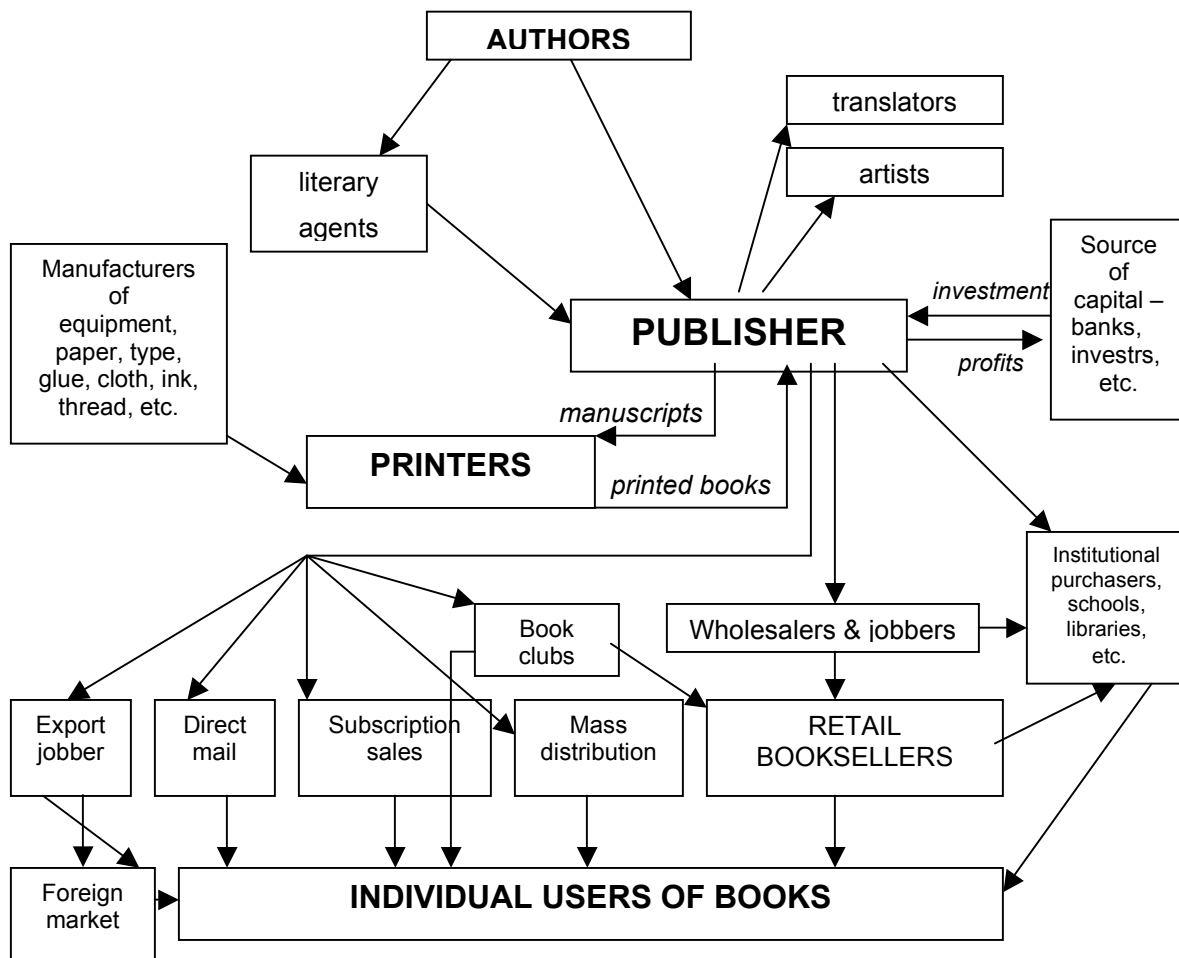


Figure 7. Typical structure in the book industry in 1987 (Altbach, 1987: 5), shows a publisher's media management system.

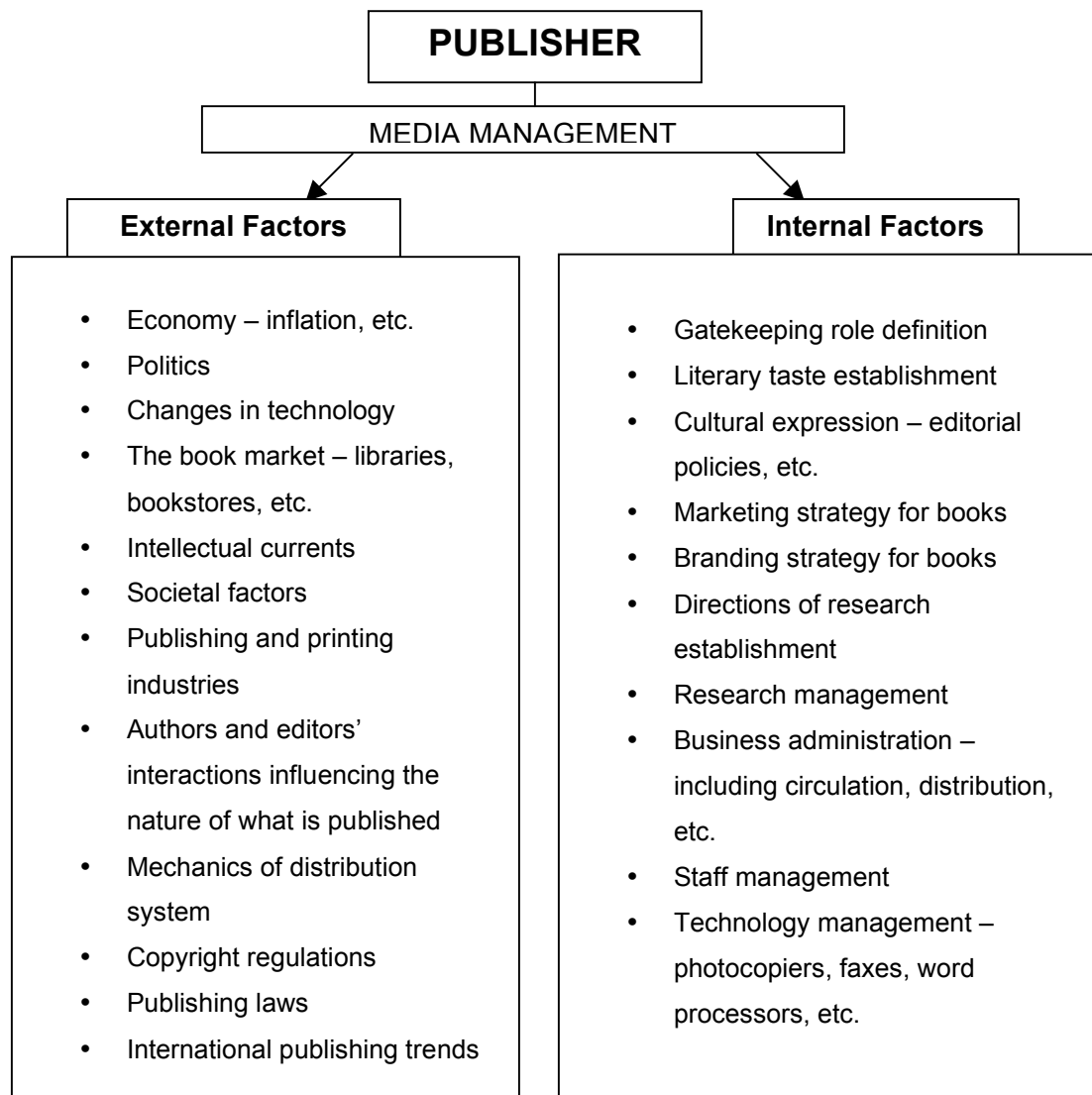


Figure 8. Typical Media Management system of a book publisher in 1987 (Altbach, 1987: 15).

The internal management of a media company has to experience a balance between the market and public sphere models of media in order for a publisher to produce a product that is profitable as well as valuable to its audience. The importance of this was defined by added value and the role of Public Relations in the niche market media management continuum in Chapter 2. The diagram in Figure 6 places these two models in perspective in today's media management systems at a small publishing company.

Also, Figure 6 reflects such interconnectedness, showing that different sub-aspects interact with one another in such a manner as to cause a ripple effect, with technology and the Internet at the basis of change. Change is thus created exponentially in this specific niche market publication's media management system. These matters underline that there is a great need for multi-dimensional prediction models in business strategies of media companies today.

Lastly, and most importantly, it is next explained how a new method emerging from this research project is applied:

Combining the scenario building and Biomatrix theories and applying them to media management of circulation has shown that it can help sift out problems that cause incoherence in the management system. But what sets the combination of the theories in question apart from ordinary, traditional methods of solving system problems is that one is able to consider various possible scenarios or future situations in order to solve problems that may arise, by making use of scenario building. The Biomatrix theory, in this research project, serves as a way to check if a new system is coherent on all levels as the system theory states that a coherent system presents the best functionality and better outcomes.

Should only one of the two theories be applied to a system, it would not be as complete, as these two theories show a way to cross-check systems. The scenario building model sifts out the defects and most positive aspects, while the Biomatrix theory serves as a way to identify just how interconnectedness is active in the system and reflects incoherence or coherence.

It is therefore the conclusion that in the Information Age change happens actively while inner- and outer environments of systems are in interaction with each other and sub-aspects of those environments. Also, in order to manage a system within media management, business strategies and other general theories of managing change could be applied. It is additionally the conclusion that the Biomatrix theory combined with scenario building has helped solved problems in the *TM* media management system in the research up to here. Whether these theories could be applied to other mass media management systems, as synergistic management with the focal part of both theories, needs to be researched elsewhere.

Lastly, media companies are businesses that rely on strategies or scenarios in the future in order to project positive growth. These companies need to rely on more than speculation in order to manage change; therefore new business strategies applied to media management in the Information Age is very relevant.

4.3. Applying Change Management

After evaluating the outcomes of the research up to this point, additional research on change management with regard to this niche market publication is necessary.

During the first part of the study, specific reference is made to predictive business strategies for media management in the Information Age. However, as the research progresses, the suggested strategies were not all possible to implement and fall short of addressing ongoing change management. It is therefore decided that emphasis has to shift to managing processes.

Another point to mention as part of the reason for this alteration of focus is, the problem of change management of media firms has become more and more important as the 21st century progresses with time. In fact, upon starting this research, literature about this topic applied to niche market publications' management of change was and is still scarce. An outcry for more research exists as the general pace of technological revolution increases as time passes in the Information Age. Mierzejewska and Hollifield (as cited in Albarran, 2006: 48) mention the scarcity of research when discussing innovation, which is a driver of change and an inherent part of any media firm.

“The management of innovation has been identified as one of the most critical areas of research for the field of media management... This assertion was supported by a surge in published research on the management of technology and innovation in media organisations, which began around 2000. Approximately 60% of the articles on media technology and innovation that were published by specialised media management and economics journals appeared after the turn of the century. This research focus on technology and innovation reflects the fact that the media are one of a handful of industries facing the emergence of potentially ‘disruptive’ technologies...”

Consequently, comprehending the development, adoption and economic and social impacts of new technologies on the media industry and its products is important to many professionals: media managers, economists, investors, policymakers, and consumers. This means that there is a strong need for programmatic research on technologies and innovations in media that will contribute to the development of innovation management.

Technology mogul, Michael Dell – founder and CEO of Dell Computers – is next referred to, before further discussions on why emphasis is modified in this research over time. This is to illustrate the context within which current day international leaders in technology production are making use of open-ended and less structured strategies in business change management. These strategies nearly disregard the use of forecasting and are more similar to trends in the fairly new concept of process management. In a published interview with journalist James Fallows, Dell explains how his company has responded to the challenge of maintaining a brand in the Information Era (Fallows, 2006: 5):

“I think that the challenge is how do you use that to an advantage, how do you use the customer’s knowledge and desire to want to be involved somehow in creating a differentiated product... The competing system, of course, is one of anticipating, forecasting and guessing, which is ultimately wrong. So, again, this customer pull driven system, as opposed to a supply chain push system, I think provides an ultimately superior experience. Now we’re working on how we customise the support experience as well, and then create a persistent connection throughout the entire life. We’re figuring out new ways to reach out to users to ensure that it’s a great experience over their entire life. There was some risk when the Internet first presented itself that there would be intermediaries that would somehow get in the way of this relationship. I think we did a pretty effective job of establishing Dell as a direct company that works with the user.”

These words by Dell reiterate that it is important to rather adapt toward customers’ interests, instead of trying to predict what they will want. This forms the basis of what is to come in this study, where constant adaptation is seen as a process of responding to changes in the external and internal environments of the publication in question. This quote also points out that Dell, as did so many companies of the world, had to face threats when the Internet first came into being.

4.4. The Focus Shift Regarding Change Management Strategies

While applying suggested strategies from the first part of this research, key sub-parts of the defined media management system of *TM* unexpectedly changed. These sub-parts include the distribution service company of *TM* that no longer is of assistance as it closed down. Distribution is earlier identified as a core part of the publication's internal-external management system continuum. Therefore an adjustment in the management orientation is needed, as one such change made former prediction plans inapplicable. The management of the company as well as its changes firstly needs to be seen as an ever budding process rather than taking an outdated, functional approach towards management.

Various interlinked parts of the *TM* media management system were forced to transform because of the abovementioned distribution alteration and other unforeseen external change factors. A reminder of Hammer's philosophy regarding the super-efficient company, which depends on managing linked processes in a company

“... when processes are linked, any change to an order ripples through the entire supply chain” (2001: 210).

The reason why suggestions made in the earlier parts of this research could not be applied is because distribution of the diary, by the publisher and not through distribution agents, locally usurped all extra money that was saved through no retail sales of the diary (Andor, 2006b). In other words, the suggested strategy of cutting retail sales of the diary out of its circulation and distribution management was followed, but could not deliver cost-effective results. Other unanticipated change aspects that affected the change management and media management plans of *TM* include, according to *TM*'s publisher,

- Printing prices that increased more than is normally provided for in the business plan of *TM* because of various reasons, including the higher cost of paper,
- *TM*'s office space was no longer for rent so a new office had to be found and moved to, and
- Layout design software previously used became incompatible with newer versions of the same software (Andor, 2006a).

It was therefore concluded that combining scenario building with the Biomatrix approach to create a management system that can manage rapid change was not sufficient, as it does not address fast problem solving. Small firm publishers of niche market publications need to make quick decisions while change is forced upon the company because smaller companies have smaller infrastructures and fewer staff members to aid in change management.

The abovementioned combination of strategies does however help to identify some external and internal heralds of change, such as events and new films affecting the film industry as a whole, which was one of the goals of the research. It also helped clarify the nature of external and internal influences on *TM* as internal-internal and internal-external changes could be distinguished by their application. Additionally, the scenario building and Biomatrix approaches also help to recognise negative catalysts that can cause incoherence in a system – like retail sales were in *TM*'s management system.

New ways of managing unexpected and expected change is needed. Therefore, the process management model of Kurt Lewin (Hayes, 2002: 54) is employed here. Another reason why process management is studied and applied next is because it fits well with the procedural make-up of a case study. As Doyle and Frith (Albarran et al., 2006: 565) state:

“One of the great strengths of case study research is that it allows for thorough and in-depth investigation over a prolonged period, taking account of the complexities of the context. Case study research is therefore the best option when the research question concerns a series of events or operational links that need to be traced over time... [A case study] is about facilitating a more thorough and multifaceted analysis of a particular process or a series of events that would be possible through any alternative research strategy”.

It is clear through research after scenario building and Biomatrix methods were applied that the characteristics of media companies have change embedded into it: Media companies make enquires about the world constantly, which changes the structure of the media companies' inner infrastructure as well as its content output. Media managers have to keep up with rapid output as well as inner conflicts. In fact, according to Chan-Olmsted (Albarran et al., 2006: 256), media industries are leading sectors in strategic

networking methods, as a response to recurrent change, because of the “public goods” characteristic of media companies and their symbiotic connection between media distribution and content.

New technology can cause change on exponential levels on global and industry levels – an established point in this research by now because of the “interrelatedness” argument earlier in this project. But in general media management, the interconnectedness of technology and change have increasingly become a focal point of study as technological innovation’s scope has extended even more into the new century:

“21st century new media technologies are becoming part of the mainstream media” (Albarran et al., 2006: 251).

Chan-Olmsted (as cited in Albarran et al., 2006: 253) discusses the role of innovation in media management today. Innovation changes an industry’s value chain and that is why it is a key dimension of entrepreneurship. It is also pointed out that technology and innovation/change go hand in hand today, as technology causes change while change requires technology.

How does the above relate to the niche market publication that is also part of a smaller firm in media? According to Paul (2006), such firms are often less capable of sustaining competitive advantages, making them more sensitive to changes which are most often brought about by the fact that media companies constantly have to create innovative products. This is a continuing process, spurred on by technology and the Internet. New technologies also altered the way media firms do business, adding to the degree of uncertainty, which has accompanying risk factors. Furthermore, book publishers [like those of *TM*], offer less stable content because the product is more based on reliance on audience tastes versus newspapers with stable consumer consumption patterns and revenue sources (Albarran et al., 2006: 255).

Some of the above points have already been examined earlier in this research. Before Hayes and Hyde’s process management model (Hayes, 2002: 54) is applied here, some information on process management in the context of *TM*. Also, do note that action research is still relevant here.

Process Management and the Process Manager

The researcher first discovered process management during a 2007 interview about change management with Strauss. He stated that it was commonplace what happened to the publication's circulation management after findings in this paper up to this point. That is, that changed operative variables in the planned management system of *TM* altered the whole system because the nature of one of its sub-parts changed in functionality.

Strauss (2007) pointed out which factors in management show the key differences between old and new approaches to handling rapid change in companies, process versus functional management. According to Strauss, ten years ago, a manager only had to manage the white spaces in his own organogram – finances, marketing, human resources, etc., while the Information Age manager looks at the organogram of his entire industry.

He also stated that the niche market publisher is so much more dependent on a supplier than mass media companies. In media, global warming effects on paper supply, like droughts or fires, can cause various problems in executing a media management plan. Extended organisation is therefore needed. Extended organisation emphasises employing new ways of dealing with new information regularly, in order to know that customers will not only buy the publication now and next year, but in five years as well.

Managing each system in a publishing business means having to be aware of every aspect within the process of publishing. A publisher can't be dependent on one part of his media management system. He must be aware of every single aspect of management. A process manager must be accountable and accept ownership of every aspect of his responsibilities. He also concentrates more on the process rather than the people as it is much easier to manage a process than people.

Strauss (2007) uses a correlation, hitherto referred to as the "conductor analogy" for the purposes of this research, to explain the role of the process manager further. The process manager is like the conductor of an orchestra. He must make everyone else play, as he can't get music out of the stick in his hand. Each musician must accept ownership for the specific process that they have to bring to completion in the duration of a music piece. Strauss (2007) states furthermore that

“... if you can only manage each person to accept ownership, employing every bit of knowledge at the best possible level, all these pieces of knowledge employment make up the whole of the system. Remember, the conductor gets the ovation. Why? He understands all the processes that make up the whole of the piece of music. He can even read the music that each and every musician has to play at the same time.”

In other words, the process manager must be a constant animator, teacher, monitor, coach, and consultant, providing structure, tasks, rules and challenges in a company. Niche market publishers in small businesses have greater challenges in fulfilling all of these aforesaid roles, as they are not backed by the same size infrastructures that mass media company infrastructures comprise of.

Kurt Lewin (Hayes, 2002: 52), does not indicate a difference between diagnosis and intervention in the process management discipline. He makes a distinction between planned change and managed learning in the change management plan of a company. This sets a different assumption about managing change that is intentional. Managed learning indicates a controlled, ongoing process while planned change is a more static, set plot by comparison. Lewin also believes the change process must be personalised. The flow of change or managed learning can then more easily be placed into context as one of perpetual diagnosis that is continuously intervening. It is however not so much the focus here to manage intentional change than it is unintentional change.

Intentional change management

“... occurs when a change agent ‘deliberately and consciously sets out to establish conditions and circumstances that are different from what they are now’,” (Ford & Ford as cited in Hayes, 2002: 51).

For the purposes of this study, unintentional change is the opposite of the above, where unexpected external factors force changes upon the management system of *TM*. These factors could include price increases by printers of *TM*. The incentive here is to diminish the surprise and disruptive elements of such external forces, possibly through the process of ongoing managed learning.

Reducing restraining forces (Hayes, 2002: 52) is suggested in process management as a way to address the rapid succession of unforeseen problems.

It is important to distinguish that, regarding *TM*, external change factors seem to impact with smaller time lapses in between themselves as time and technology advance, thus increasing the urgency of employing successful change management strategies.

A reduction of restraining factors was employed through the combination of scenario building and the Biomatrix model by removing retail sales. These two models did not aid specifically in maintaining changes that were made, rather to identify anomalies and potential threats to the system. Although external forces of change impact rapidly on *TM* through the economy and competition, *TM*'s internal change management is happening more slowly than the increasing pace of general industry-related transformation. This is the main research question of this project.

Even though the publication in question is, because of its very nature, a niche publication produced by a small firm, sensitive to external influences on its management system, Lewin suggests making the change process less strenuous by removing restraining forces within the organisation. Regarding organisations operating in turbulent environments, like *TM*, Lewin highlights how change should not be seen as simply reaching a new state.

“He [Kurt Lewin] asserted that permanency, for as long as it is relevant, needs to be an important part of the goal. This state may be very brief and involve little more than taking stock before moving on to yet more change. It is, however, important to think in terms of consolidation in order to minimise the danger of slipping back to the way things were before. Managing change... involves helping an... organisation:

1. unfreeze or unlock from the existing level of behaviour;
2. move to a new level; and
3. refreeze behaviour at this new level” (Hayes, 2002: 52).

Whether the application of process management will speed up the media management system of *TM* will be shown at the end of this study. Also, the criteria by which to measure whether the management of change happens faster and more effectively in this

report depends on the success of the application of the process management model within the time frame of this study. Action research is relevant here, as it is often the case that the outcomes or quality of action research is, according to Hollifield and Coffey (Albarran et al., 2006: 585),

“... judged by whether or not the organisation’s leadership accepts the suggestions and, if so, whether positive outcomes result”.

After explaining the background to process management application regarding *TM*, it is now necessary to discuss the further research regarding *TM*’s change management of external influences.

The Process Management Model of Hayes and Hyde

As is already mentioned on page 36 of this study, the Hayes and Hyde model (Hayes, 2002: 54) is intended to provide a conceptual framework for thinking about the management of change. It is applied later under the next heading here, however, as it is seen as a possible practical method to aid in faster change management for the small business niche market publication, *TM*.

It is noted that the scenario building and Biomatrix models endeavour to establish what the Hayes and Hyde model also advises in its first few steps. These similar steps, except for the last three points of Hayes and Hyde’s model, are (Hayes, 2002: 54)

1. Recognising external change, problems and opportunities
2. Recognising the need for change
3. Start of change process
4. Diagnosis – reviewing the present state and identifying the future standing
5. Plan and prepare for implementation
6. Implementing change, and
7. Review.

The Hayes and Hyde model takes three steps further than the other here-tested models above, plus returns to External Change, Problems and Opportunities, Diagnosing Present and Future States, Planning and Preparing for Implementation, Implementing Change and Reviewing, once the whole programme has been followed. Reviewing External

Changes, Problems, Opportunities and their influences on a current situation happens repetitively.

The ongoing management of change addresses change in a different context, therefore managing processes rather than sub-parts in a system where each part performs a distinct function. Figure 7 presents the Hayes and Hyde (1998) model of process management (Hayes, 2002: 54).

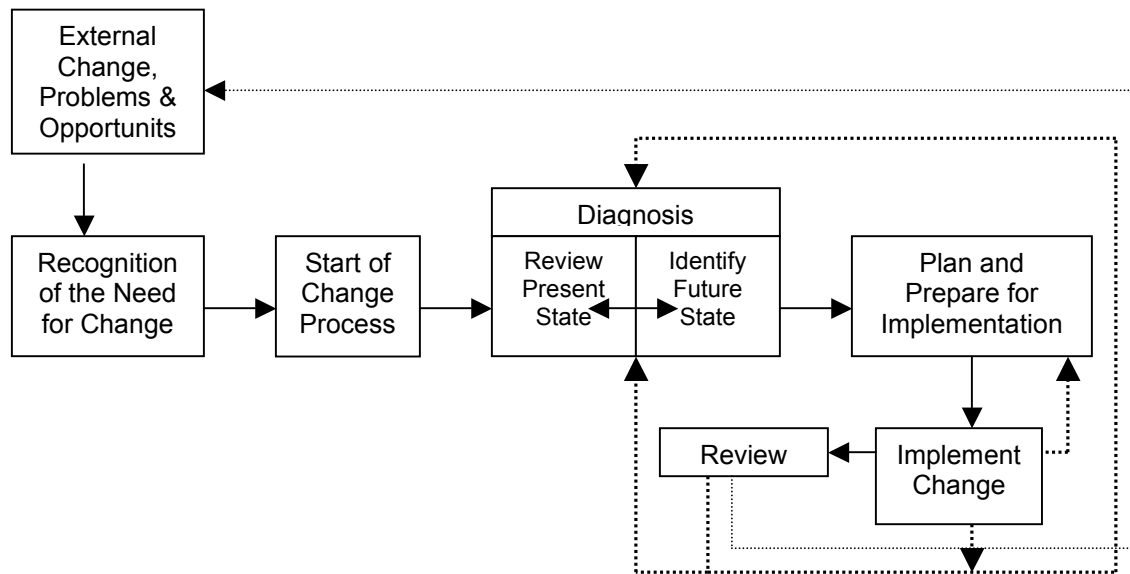


Figure 9. Steps in the change process (Hayes, 2002: 54).

Hayes comments that this above process management model needs to be

“... regarded as something that is dynamic and evolving and not a grand plan that can be ‘set in stone’ from the start... there is no one recipe or prescription about how change ‘should’ be managed, that can be applied to all situations. Managing change is a complex process. Change managers need to contextualise their approach and develop bespoke strategies that accommodate the cultural and political dynamics that can undermine or facilitate any attempt to manage change” (2002: 58).

Before discussing the effects of the application of process management on *TM*, it is reiterated that the main goal of this project still needs to be researched in this study. This case study is conducted in order to identify:

- new methods of managing rapid change faster with regard to the niche market publication, *TM*, the point of reference being within the Information Society's media management environment, specifically since the invention of the Internet.

Trends in media today suggest that managers should, in ideal circumstances, continuously identify which hallmarks in their organisations are most important, how to work on them simultaneously, which levers to use to introduce change plus how to keep the process going. According to Brill and Worth (1997: xii) the questions most managers ask about change management in media is how to get the organisation more cross-functional, empowered, networked, stakeholder-focused and at the same time customer-driven and innovative.

Circulation is one of the core internal factors in media management most sensitive to external and internal changes. Therefore, in this next part of the study, it will again be the focus, but from a different perspective in order to reflect on faster and more effective change management of *TM*.

The Application of the Process Management Model

As is laid out in the Hayes and Hyde model (Hayes 2002: 54), the last three steps are the most important to ensure permanent and ongoing change.

“The loop between ‘review’ and ‘external factors’ signals that change rarely involves moving from one ready state to another. Typically it is an ongoing process. Often new pressures for change emerge before the current change initiative has been completed” (Hayes 2002: 54).

The same as what is mentioned above, by Hayes and Hyde, happened in the initial change management plan, as laid out in the first part of this research, of *TM*. As an intentional change plan was about to be executed - retail sales being extracted from the system, a new pressure for change emerged. The distribution company was no longer of service to *TM* at the beginning of 2006. It was during the same year decided to apply action research by suggesting process management to the publisher.

Here follow the process management steps that were applied to *TM* through action research.

Diagnosis – Review Present State and Identify Future State

According to the publisher, he started solving the aforementioned distribution problem by reviewing the current strengths of *TM*. As is evident from the graphs in Appendix A, the advertising revenue, distribution and amount of advertisers increased steadily over the last five years. Distribution was now for the first time since *TM*'s existence at a risk of not showing a steady increase.

The publisher identified a future state where he would handle distribution himself. As all revenue is generated from advertising sales in this specific publishing company, it was important to somehow increase advertising sales in order to cover losses of time and finances that would result from the distribution crisis. Higher advertising sales meant more income. That is, in order to pay extra staff that can assist the publisher while he now took on the extra task of managing distribution.

Plan and Prepare for Implementation

The publisher decided to still adopt the “no retail sales” suggestion made after research in the first part of this study. During an interview with *TM*'s publisher (Andor, 2007c), he explained why retail sales would have slowed down his change management plan. He also described what his plan of action was for solving *TM*'s distribution crisis.

According to Andor (2007c) it was decided to implement the suggested plan of ‘no retail sales’ because handling retail is a complex and time-consuming process. There are lots of risks involved in organising retail sales as well, like damaged copies that cannot be resold, which normally means financial loss. Furthermore, care has to be taken with every step of the retail process, like getting the diary to the retail stores and assuring money from retailers are properly collected while returned copies are all accounted for. Additionally, it may take a lot of convincing before a retailer will take on a niche market publication, so the time spent on organising all the above may not justify the sales at the retailers anyway.

Andor explains that an omnipotent goal in publishing is to always see a growth in advertising sales as this covers company costs. By not having to deal with retail sales, by taking it out of the system, there will be more time to promote *TM*, liaise with advertisers and focus on revenues. Another benefit of not having retail sales in the equation is that

100% of the diaries will now go to clients, ensuring everything printed is accounted for, increasing *TM*'s credibility as an advertising medium.

Another plan of Mr. Andor (2007b) was to acquire a big sponsor for *TM*. A number of government-funded, film industry organisations, like the Nation Film and Video Foundation (NFVF), Gauteng Film Office and Cape Film Commission, are targeted. Sending diaries to these companies can ensure that staff members and decision-makers, regarding funding, can use the diaries and experience its contribution to the film industry first-hand. Big government-funded organisations take time to make decisions about funding or sponsoring, which allows for time to solve the still pending *TM* distribution problem:

“I am forced to handle distribution myself, so the plan is to approach courier companies that can distribute the diary nationwide without direct cost. By without direct cost, I mean, making a barter deal with courier companies that will benefit from getting advertising space in *TM* in return for their services” (Andor, 2006a).

From the above, it is noted that the publisher applied the solving of the distribution problem as a process that takes time to show results. He also planned to save expenditure in future by bartering with courier companies for distribution. Long term planning for implementing changes that could solve problems is a very important step in process management. By looking at what happened next in the application of process management and follow-through of the plans, the effectiveness of process management in this case is proved.

Implementing Change

What was planned in the previous point had to be implemented next, focusing carefully on monitoring progress. In other words, making sure what was intended is accomplished and not diverted from. Hayes (2002: 57) points out that change often unfolds in an iterative fashion and can involve much backtracking. An evolutionary tactic to addressing change involves taking exploratory incremental steps on a presumed optimal path. After each step, the step itself and the direction of the change should be reassessed to check the step's efficiency and if the direction still is on course. As the process plays out, it may be possible to envision a more defined end state or to tread forward more confidently.

Hayes (2002: 57) additionally mentions that the dotted lines in Figure 7 show the process of feedback and review, which is very important in the approach to transformation. Such responses after execution can help pinpoint new problems and potential. It may have implications for the planning of further activities to bring about change.

The publisher did indeed follow-up and attain three courier companies to handle distribution of the diary nationwide at the beginning of 2007. He also made sure big government organisations that might advertise or fund his company had received a certain amount of diaries. Feedback from the implementation of this plan to get companies like the National Film and Video Foundation (NFVF) involved with the diary's funding opened up new possibilities for the future and sponsorships:

“NFVF responded positively after using the diaries. I asked whether they used the diary. Their answer was yes, because they like it for its industry-relevance and user-friendly aspects. I'm glad I followed up on the process of targeting a big company like NFVF. The process started about a year ago already. Now, in 2007, I have them on board as an advertiser for 2008 and as sponsor for 2009 and possibly beyond, which is what I planned” (Andor, 2007b).

Making sure a plan is followed through also made a big difference to steering the company in a new direction financially. Such a new path's implications will bring about more changes, for instance NFVF may require new topics to be covered in the diary or new deadlines for production of the diary, complying with their stakeholder guidelines. This could mean more staff to be employed or a shift in the organogram of the company.

4.5. Summary

This chapter is a discussion of the investigation of change management in practice. Scenario building is used to identify a focal issue in the media management system that needs addressing. Key forces in the macro and micro environment of the publication are identified as well as driving forces for change in these environments. Scenarios that should be noted in future are selected as scenario logics by fleshing out the most important scenarios. The implications of following suggested scenarios were looked at as well as a selection of leading indicators and signposts for change to come.

However, after step four it was necessary to apply the Biomatrix rule of systems as it was already clear that retail sales were causing a backlog in the growth of the initial circulation system of *TM*. Taking into consideration what general marketing rules stipulate about the relationship between distribution and sales, like that of Grady, also helped identify what was holding circulation increase of *TM* back.

After this has been established, it was more plausible to increase the print run and other sub-aspects of circulation, like Ad sales and international distribution, by creating different scenarios of the future. Signposts of change in the target industry, dubbed “stories” of the future, that need to be kept in view over time were also identified, like the South African economy, competitors, investors’ actions and the frequency of international films and events in South Africa.

In the second part of the chapter process management is first discussed in terms of media management of *TM*, placed in context, compared with the scenario building and Biomatrix methods for change management aspects and then applied to *TM*. The last part of the process management model of Hayes and Hyde is then harnessed as the first part of the model deals with the same matters already addressed by the scenario building and Biomatrix models. Three theories in total are thus compared in relation to circulation, and its sub-aspects like distribution, of the publication in question. The role of the process manager in today’s niche market publishing milieu is discussed and the application of the process management model is laid out as in practice regarding *TM* in a step-by-step unfolding of the model.

CHAPTER 5: RECOMMENDATIONS

This is a chapter that makes recommendations for further research. However, it is first necessary to conclude on lessons learned after the application of the three change management models before new avenues for research could be touched on.

5.1. Lessons Learnt

In order to understand the effects of applying process management, it is necessary to reflect on lessons learned. Reviewing is important but so is consolidation of what was learned in the process. Reviewing in process management is more than just looking back post-implementation. Hayes (2002: 57) stipulates, in practice, while improvement is measured against key milestones, screening and reviewing progress should be ongoing actions. A key milestone in the case of *TM* was to meet a certain target regarding advertising sales as mentioned by the publisher in an interview discussed earlier. By 2007 (Andor, 2007c), after employing process management, in other words changing the management approach, the ad sales target was exceeded. By looking back at removing retail sales, the publisher learned that retail sales are not so necessary for an industry publication at the beginning phase of its existence.

“I was forced to learn that we were not dependent on retail sales regarding *TM*. It didn't affect ad sales when it was part of the equation, nor did it seem to impact on ad sales after removal. In fact, ad sales increased more in 2007 than it did in 2006. Retail sales may certainly be part of *TM*'s future. A new plan already emerges from here, I need to see big retail shops now in order to get them on board in three years' time!” (Andor, 2007c).

Another lesson learned was to build on the company's strengths, which is what consolidation denotes. Hayes (2002: 57) adapted concepts from Lewin's process management model to fit the requirements of managing change in companies and note that consolidation refers to the refreezing aspect of Lewin's model. Refreezing in business management involves reward systems that will monitor and reinforce desired new behaviours as well as building on and updating the change as required.

In the case of *TM*, the publisher is the main ad sales person and is also, in a sense, its strength. The publisher is thus the one who adds credibility to the company and the publication as advertising medium in the film industry. Andor about consolidation:

“Making profits has always been an incentive for me. If money is being made it reinforces desired results for the company, making it more possible to spend money on developing the publication and company” (2006a).

Interpretation of Results: Scenario Building and Biomatrix Theory

The initial research goal was to establish what prevented the increase in *TM*’s retail sales and how to increase the circulation. Retail sales were omitted from the circulation management equation, which made the system more cogent. Dostal (2004: 47) points out that the various aspects of a system need to be logically coherent with one another in order for the system to function in an orderly manner. One conclusion is that this theory of system function is applicable to media management systems.

Another lesson learned after taking retail sales of the diary out of the circulation management system, is that circulation of the diary can now increase on a local and international level because of wider funding possibilities source. Two scenarios for the future status of the publication’s circulation emerge from the study. The most likely scenario to be implemented is the one in which the circulation is extended internationally due to an increase in print-run and funding, as well as added value of the publication is amplified to interest its target market. The alternative scenario is one in which circulation remains local but where print-run numbers are increased and added value is implemented to interest its target market.

Some more matters that emerged from the study at first, is that scenario-building as a media management method can also double up as a problem-solving tool when combined with the Biomatrix system’s theory. Reaching this conclusion was through identifying macro and micro environment factors that influence no increase of circulation and international distribution, and juxtaposing them in a table (Table 4). Negative matters identified as stunting the circulation growth were:

- a saturated market for *TM*,
- the market expects to receive the *TM* diary free, and

- too much focus from management on ad sales, rather than on marketing combined with adding more meaning and value through applying the public sphere media model, branding and Public Relations.

Another conclusion drawn in this part of the study is related to the mission in the first step of the scenario-building methodology: Find the Focal Issue. A solution was found after applying the seven aspects of a coherent, interconnected system (Biomatrix theory) through establishing which factors are most uncertain. Combining the most uncertain factors with the most vital issues in scenarios with a future bearing helped place matters in perspective. In other words, when a perspective of what is most vital and most uncertain is needed in media management, combining scenario building and the Biomatrix methods can be helpful. The most important focal decision after research in this case, has turned out to be taking retail sales out of the distribution and circulation system.

Using practical marketing logic rules, combined with more academic research methods has aided in coming to the point of a decision scenario. Golden rules about marketing and interviews with marketing consultants Paul and Strauss were also studied for help. The two most significant general marketing rules that were applied here to media management of circulation and distribution were firstly (Grady, 1996: 87) to not sell both through a channel of distribution and directly to the consumer, because this causes conflict and loss of business. The market must know where and how to purchase your products. Secondly, also stated by Grady (1996: 92), the 80/20 scenario of marketing helps to minimize risk by helping one find (and lose) who are the 80 per cent of customers bringing in 20 per cent of business.

Since the least income has come from retail sales of the diary through bookstores and other retailers, it was found that retail sales should be omitted from the media management system. This means that if retail sales were not removed from the management equation, change impacts might have been more disruptive to the management system. Whether this philosophy can be generalised to media publications in niche markets needs to be addressed elsewhere.

Interpreting results, this study of circulation management through scenario building and the Biomatrix method shows:

- how changeable or sensitive circulation is as it is dependent on sub-aspects to function cogently. Such sensitivities need close watching on an ongoing basis, in order to establish when changes occur, underscoring that change management is important,
- circulation is a core factor in successful media management, as basically all business management factors, internal and external impact on it. See Figures 6 - 8 that illustrate some of the most apparent internal and external factors in publishing/media management
- Shows why rapid change happens in media management in that sub-aspects or its system are interdependent, and
- Shows how scenarios can help identify signposts of change to keep track of.

Interpretation of Results: Process Management

The following is a discussion of how the application of process management aided in faster change management of *TM*, that is, as compared to a year before when the scenario building and Biomatrix theories were applied. Faster change management being the main goal of research regarding *TM*.

At the beginning of 2007 the publisher left South Africa to look for other revenue opportunities overseas (Andor, 2007a). *TM* was in a distribution crisis as mentioned, during 2006, which caused lots of stress in the general management systems, like that the publisher had to handle distribution himself. By the beginning of 2007 the distribution crisis was solved by courier barter deals, but changes needed to be handled faster.

According to Andor (2007c), it was planned to prepare earlier for *TM*'s deadline in November 2006. The publisher employed a new ad sales team in May 2006 and henceforth rented new office space. Extra time was spent on training the staff regarding the specific industry and company. Yet, Andor pointed out that the overall progress of the company's change and development in 2006 did not compare to the success of that in 2007. In 2007 the publisher decided to start in September with ad sales, without any ad sales staff and office space rental, saving double costs. No time was spent on payment and management of staff, or sundries like running networking technology, training, mentoring and fixing computer glitches. Andor estimated that in 2006 (2007a), the

publisher spent two hours per day addressing staff or administration issues. This adds up to a lot of time per year and was interfering with time for management of change.

Through action research it was suggested to firm up the company and exclude dealing with staff and general administration of office matters. As a result the publisher handled ad sales solo and externally contracted all other staff needed to produce and deliver *TM* to clients. According to the publisher (Andor, 2007c), he could in 2007, after harnessing process management, spend more time on client services, being flexible with client needs and to develop a stronger relationship with advertisers. This is also one of the benefits a niche market publisher of a small enterprise experiences – he can allow for immense client choice of time for payment and can personalise advertising for clients with more flexibility than big corporations could. This reminds of Kurt Lewin's assertion to personalise the change management process.

5.2. Avenues for Further Research and Practical Implications

A balance between the market theory and public sphere models of media is believed to be a key to successful management of media in future. Also, further application of the Biomatrix theory combined with Schwartz's scenario building is recommended, if time allows, with regards to all the different internal and external sub-parts of media management, to ensure that the networking between such factors are more cogent. The combination of these theories, it is believed, will be aiding in showing which parts are hampering coherency in systems as well.

The practical implications of this research show a web of interacting internal systems (ad sales – distribution – retail sales) connected to the larger web of external media management factors and its sub-webs (marketing – advertising – added value). Without using the Biomatrix theory for assistance with scenario planning, it would not have been possible to build a coherent decision scenario. And so, Dostal (2004: 447) also puts forward that the Biomatrix theory aids with inspiring creatively practical processes with synergistic results. She advises casting the multi-levelled and multi-dimensional Biomatrix-web at a problem to change its problem co-factors.

Her framework has been useful in the analysis and designing management of the scenario plans in this study. By using the Biomatrix theory as a basis, it is possible to

work on different aspects of a problem, without losing the connection to the whole and its inner and outer context or environment. That is because with it, one can zoom in on one aspect or dimension of the problem, or zoom out to gain clarity of the system in its outer and inner context or environment. (This imagery can be understood by referring to Rubric's cube depicted earlier in this study on p. 37).

Further research on this interconnectedness highlighted Hammer's philosophy of the super-efficient company, which depends on managing linked processes in a company. Hammer (2001: 210) states that when processes are linked, any change to an order ripples through the entire supply chain just as Dostal reveals through her eight-aspects-that-every-system-contains theory.

However, having a vision of an ideal scenario, as was built in the end, is not the same as having an employable plan. Therefore a change of perspective, or way of thinking about the management of change was shifted toward – process management.

Other factors to explore regarding media management combined with business and marketing strategies, are that Public Relations media plans should be integrated into the general marketing plan of a publishing company. Grady (1996: 20) suggests a few strategies for PR companies to employ, as PR is a very good way of creating and keeping awareness in an active state in a target market. (This also brings other new business methods of the Information Age into focus). It is a very plausible idea to combine the scenario building model with others as well, as change is a given today, and one model alone might not be enough to solve change management problems.

Sawhney and Parikh (2001: 197) propose four strategies for profiting from intelligence migration – or the change of functionality in this day and age. Their first strategy, "Arbitrage" is worth a mention here, as it might be an option to explore regarding international distribution of *TM*. Sawhney and Parikh (2001: 197) point out that moving intelligence to new regions or countries where the cost of maintaining it is lower can hold benefits. Printing *TM* overseas may mean better costs there, but having it distributed to South Africa could incur extra costs without careful planning however.

This chapter ends by looking at yet another strategy for business planning that is very interrelated with media management as ultimately the purveyor of knowledge – writing

efficient strategic stories. Shaw, Brown and Bromiley (1998: 54) emphasise how important writing is in setting up a business plan. They argue (1998: 54) that in most companies, planning follows the standard format of the bullet outline. Planning is economical, managers/publishers are used to it and it conveniently reduces complex business situations to a few points. So the problem is then that bullets can trick managers/publishers into supposing that they have planned when, in fact, they've only listed some good things to do.

"Bullet lists present only an illusion of clarity – and it can be an expensive illusion" (Shaw, Brown & Bromiley, 1998: 56). Publishers of niche market publications have to realise more today that there lies a science in good business writing of scenarios when applied to business and marketing strategy. Strategic plans are often no longer possible to employ to completion, as seen in the case of *TM*, as change forces more changes upon companies. In which other industry than the media is writing future strategy stories better illustrated, as the product of media is as it were, a written product. Scenario building is central to human intelligence and memory and we actually acquire the ability to formulate plans through the situations we combine when we hear them in childhood.

"From stories, a child learns to imagine a course of action, imagine its effects on others, and decide whether or not to do it. In a very fundamental way, then, storytelling and planning are related" (Shaw, Brown & Bromiley, 1998: 65).

This is also what is demonstrated with this research, that qualitative explorations of business management methods, like scenario building applied to media management, are often more necessary today than traditional quantitative methods and numbers surveying. Also, an interconnectedness of systems aspects that is also part of process management could make systems faster. This means a publisher could keep up faster with external changes by implementing the above methods for problem solving. Importantly, circulation is sensitive to changes in all aspects of the internal media management of a niche market publication in a small enterprise.

Following technological innovations and its impact on humans and general systems continues to be the biggest challenge in managing change in media companies. At the beginning of the new century it is noted how new advances like thought-activated technology could impact on improving communications between not only humans and

machines but also between humans. According to Van Wyk (2007) we can look forward to a whole new dimension of communication, with media being a main lever of communication, as he states in his monthly newsletter on technological advancement:

“In terms of the *Atlas of Technological Advance* it [thought-activated technology] is concerned with the functionality of information transmission. Improving human-device communication is a constant challenge for technology innovators... Technology executives and investment professionals should note the entry of thought-activated devices in the market place at this time. One example is a television remote control being developed by Hitachi.

The growth in this technology will create a collection of possibilities. Van Wyk (2007) lists a surge in the neurosciences, an increased need for mind training involving meditative-like procedures, and the creative use of deep brain stimulation technology as effects of such developments. Regarding media this could have serious repercussions for print as mind-activated technology implies closer connections between humans and machines. Paper printing may become obsolete because getting information may be done in future through connecting humans directly to technologies. These are challenges that can be addressed through process management of change in future, but certainly on a more complex level of interconnectedness than was the context in this study.

5.3. Summary

In this chapter, recommendations for further research are made while lessons learned are reflected upon as well. Reviewing and consolidating after implementing change management is emphasised as important after utilising process management strategies.

Furthermore, the publisher of *TM* is quoted on his lessons learned from this research, which include a view on having no retail sales in the media management system of *TM* and building on strengths in the company.

From an interpretation of results after use of scenario building, the Biomatrix theory and interviews with marketing consultants emerged some problem solutions in the research. Such solutions are brought to light in this section while recommendations for future, more complex applications of the Biomatrix theory in media management is made.

Most importantly, it is highlighted that process management did solve the main problem of this research, as it helped to speed up the management of change regarding *TM*. Avenues for further research include possibly applying process management to media management in future where thought-activated technologies will change the world and the world of media.

CHAPTER 6: CONCLUSIONS DRAWN FROM RESEARCH

After looking at impacts on circulation management, micro and macro environment influences were identified through employing the scenario building and Biomatrix models. It is established in this study what are some of the external and internal factors to look out for as future harbingers of change in media management. Since book and magazine publishing is in question here, a typical book publisher's structure of media management in the book industry of 1987 was consulted. Diagrams (Figures 5 - 8) indicate how niche market book and magazine publishing's change management developed. By comparing these diagrams, it is established in this study that, today external factors impacting on media management are still generally the same as in 1987, but internal factors can be divided into external and internal factors as well (called internal-internal factors and internal-external factors here.) These diagrams indicate that technology management is the only factor that has a place in the internal-internal as well as internal-external factors in media management today. That is, because it is identified as a main ingredient that catalyses change in media management in the Information Age.

The internal management of a media company has to experience a balance between the market and public sphere models of media in order for a publisher to purvey a product that is profitable as well as valuable to its audience. The importance of this was pointed out by discussing the roles of added value and the role of Public Relations (Chapter 2) in the media management continuum. The diagrams place these two models in perspective in today's media management system at a publishing company.

Also, Figure 6 reflects such interconnectedness, showing that different sub-aspects interact with one another in such a manner as to cause a ripple effect, with technology and the Internet at the basis of change. Change is created exponentially in a typical new media management system of today. These matters underline that there is a great need for multi-dimensional prediction models in business strategies of media companies today.

Most important conclusions drawn from this research study:

Combining the scenario building and Biomatrix models and applying them to media management of circulation of *TM* has shown that it can help sift out problems that cause

a glitch in the management system of *TM*, much like one would do by only listing the positive and negative aspects in the system without applying these abovementioned two methods. However, what sets the combination of the outlines in question apart from ordinary, traditional methods of solving system problems is that one is forced to consider various possible scenarios or future situations in order to solve problems that may arise by making use of scenario-building. The Biomatrix configuration served as a method to check if a system is coherent on all levels regarding *TM*. The assumption being, and as the system theory states, that a coherent system presents the best functionality and therefore better outcomes.

Should only one of the two theories be applied to a system, it would not be as complete, as these two theories happen to show a way to cross-check systems. The one, by Schwartz, sifts out the defects and most positive aspects clearly, while the Biomatrix theory serves as a way to identify just how interconnectedness is active in the system and reflects incoherence or coherence.

It is therefore the conclusion that in the Information Age change happens actively and inner and outer environments of systems are in interaction with each other and sub-aspects of those environments, by looking at modern day activity in media management systems compared to those in 1987 and in the 1990's (Figure 5).

Also, in order to manage a system within media management, business strategies and other general theories of managing change could be applied. It is, again, but in the light of the latter statement, the conclusion that the Biomatrix theory combined with scenario-building has helped solve some research problems of the study in the *TM* media management system.

It is believed that theories could be applied to other media management systems, as synergistic management is the focal part of both theories. Added to this, media companies are businesses that rely on strategies or scenarios in the future in order to project positive growth. These companies need to rely on more than speculation in order to manage changes, which is what the scenario building method addressed regarding *TM*. Therefore new business strategies applied to media management in the Information Age is very relevant.

Concluding on the latter part of the research, it is noted that utilising process management, which was essentially a way of thinking about change management rather than a specific strategy, as Hayes (2002: 54) stipulate, helped increase the efficiency of managing changes. This indirectly means the competence of the company too. Change management could be employed over a shorter period of time, as it was between 2006 and 2007 with regard to *TM*, and most of the goals, as stipulated in the process management model appliance, of the publisher were accomplished. Ad sales showed an increase of 17.5% in 2006 with the help of ad sales staff, while in 2007 ad sales revenue increased by 64% - which is more than double than the year before (Andor, 2007a, also see Graph 1).

In Hayes and Hyde's process management model discussion (Hayes, 2002: 57), it is noted that "managing the people issues" is an integral part of the model that was omitted here, as the focus of this study was more on general systems than human relations. Human relations is however important in any company, whether it is a big or small one. In fact, it is concluded that if the publisher did not have trusted relationships with clients, printers and other industry key players, it would not have been possible to keep the company afloat and show profit.

Whether such media companies – small enterprises that produce niche market publications – are important in South Africa is an emergent enquiry from the above. It is the conclusion here that niche publishers have a strong place in media in South Africa because they can accommodate the needs of their market and its clients. In the case of *TM*, clients can get to know and trust the publisher personally, can negotiate advertising options with more ease and readership in niche markets are more measurable, especially in the case of *TM* where most of the distribution is accounted for. That is, because there are now no retail sales in *TM*'s new media management system and all the diaries go to advertisers and the industry.

Strategies of niche market publishers are also much more basic because of the smaller scope of specific industry characteristics that are catered to. The small enterprise publisher of *TM* (Andor, 2007b) believes that process management in combination with scenario building and the Biomatrix model help to place change management and systems into perspective and that the answer today is not so much to follow a specific strategy but follow an emerging process of management (Andor, 2007b):

“Changes happen too fast. It is better to have a general contingency plan for your company. And it must be as basic as possible in order to allow for agility when internal or external forces of change come knocking. I suppose, how important the publication is to the publisher also causes its triumph or demise. I was again reminded through employing the scenario building method to always think about the future with a contingency plan attached to it, for when unexpected change comes. Emotional preparedness is also very important. I found it is, however, most essential to organise around priorities and practising limberness as much as possible”.

It is concluded from this case study that this small enterprise niche market media company is totally reactive to its market and environment. It also depends on the talent, creativity, business acumen and people’s skills of the publisher for its success. In fact, as argued by Wolf (as cited in Albarran et al., 2006: 186), the entertainment economy places huge stress on a restricted human reserve: creativity. Wolf furthermore highlights the most valuable commodity in our high-tech Information Age as the human imagination. Reza (as cited in Albarran et al., 2006: 186) adds to this:

“Imagination, creativity and talent are the ingredients that make content products so successful for several reasons – in some cases, the “stars” are capable of drawing massive attention, whereas in others a particular team of professionals has the drive to come up with genuinely valuable content at a given moment or on a continuous basis. Those activities that constitute the creative industries sector depend heavily on talent”.

The publisher of *TM* sees publishing as a lifestyle (Andor, 2007c), which is not generalisable to all publishers of niche market products. But it could be seen as a personal approach to making a niche market publication in a turbulent, changing environment of general media and technology in the Information Age, grow continuously.

The process management model applied here is only the broadest part thereof. Hayes and Hyde (Hayes, 2002: 58) suggest more intricate sub-parts to be applied to management of change, but it was deemed unnecessary in this study because of the small size of the company’s infrastructure. The niche market publisher in question does not seem to have enough time to employ any change management or other strategy to

its fullest, as change happens too rapidly today, as has been emerging from this case study research.

Lastly, it is concluded here after process management that an increase in circulation is not necessarily an indication of healthy change management in the niche market publication studied. Because, although ad sales and the amount of advertisers increased – and therefore profits, for instance – the publisher was forced to keep the distribution as stable as possible for a while in 2006 (Andor, 2006b) through unexpected circumstances. Healthy change management will therefore mean something different for different media companies.

The speculation in this study that the reason why management of change regarding this publication has happened too slowly, is reflected in circulation showing no increase, is therefore rendered untrue by the above research and last argument. This makes Dostal's (2004: 13) key idea in systems thinking which highlights that optimal parts can give rise to a sub-optimal whole and that sub-optimal parts can give rise to an optimal whole true in this case. This is also a reminder of Moses' (2002: 24) proviso that:

“... circulation growth can be inconsistent with profit growth”.

The final thoughts in this study are therefore, because of new insights drawn from the research, that a case study is well supported by applying grounded theory as an approach to action research. This is because of the progressive nature of all these components of a case study: grounded theory and action research.

Finally, process management has proved to be an answer to the change management problem of finding faster change management of *TM* in this study, but may not be an answer to solving change management problems faster for another publisher of another publication. This is because of the unique circulation system of *TM* (where advertisers receive the amount of copies paid for), which may have to be employed by any publisher who wishes to apply this case study in practice.

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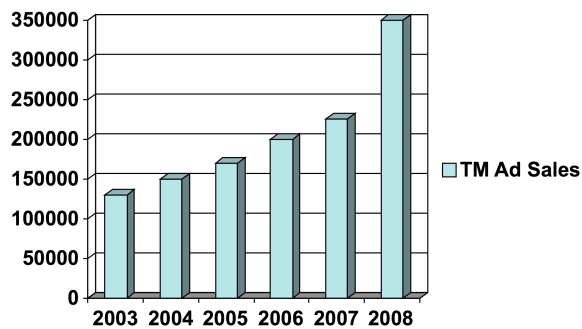
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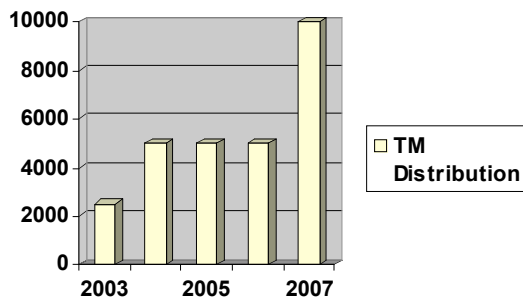
Appendix A – Information supplied by *TM*'s publisher (pers. comm., Andor, 2006a).

*2003, 2005, 2007 – refer to the *TM* editions “for that year”, although they were published the year before. So, the 2003 edition was published in 2002, etc.

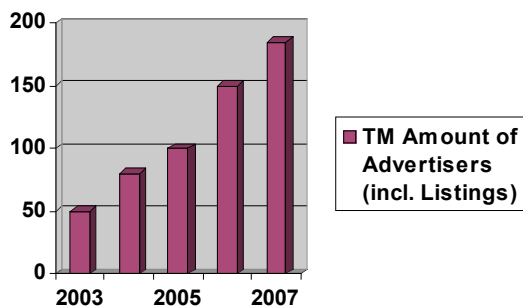
Graph 1...



Graph 2...



Graph 3...



APPENDIX B

QUESTIONNAIRE: FACTORS INFLUENCING NO CIRCULATION INCREASE OF *THE MANNEQUIN*.

Interview conducted between Lizl Strauss and Mr. G. Andor, November 2006b.

1. What are the key forces in the micro environment that influenced no increase of circulation?
2. What are the micro environmental factors influencing no international distribution?
3. What are the driving forces in the macro environment that influence no increase of circulation?
4. What are the factors in the macro environment that influence no international distribution?
5. How would you rank these micro and macro environmental forces by importance and uncertainty?